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COEUR D ALENE MINES CORP

Form 10-Q/A

February 13, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

FORM 10-Q/A No. 1

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Amendment No. 1 to Quarterly Report on Form 10-Q for the period ended
September 30, 2002.

COEUR D'ALENE MINES CORPORATION

(Exact name of Registrant as specified in its charter)

Idaho	1-8641	82-0109423
-----	-----	-----
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)
505 Front Avenue, P.O. Box "I" Coeur d'Alene, Idaho		83814
-----		-----
(Address of principal executive offices)		(zip code)

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

The undersigned registrant hereby includes the following portions of its
Quarterly Report on Form 10-Q for the period ended September 30, 2002, as set
forth in the pages attached hereto:

Part I. Item 1. Financial Statements
Item 2. Management's Discussion and
Analysis of Financial Condition and
Results of Operations

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

COEUR D'ALENE MINES CORPORATION

Date: February 13, 2003

By: /s/ James A. Sabala

James A. Sabala
Executive Vice President and Chief
Financial Officer

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COEUR D'ALENE MINES CORPORATION

AMENDMENT NO. 1 TO QUARTERLY REPORT ON FORM 10-Q
FOR THE PERIOD ENDED SEPTEMBER 30, 2002

The purpose of this amendment is to implement, as of December 31, 2001 and
September 30, 2002, the modification by Coeur d'Alene Mines Corporation (the

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"Company") of its inventory methodology pertaining to that portion of its heap leach inventory that will be recovered more than one year in the future. Under this methodology, the Company has used historical leach recovery curve information to estimate that portion of the metal contained in the heap which will be recovered within one year. The remaining metal contained in the heap that is estimated to be recovered beyond one year is classified as noncurrent inventory. Such reclassifications from current to noncurrent inventory, which reduce reported working capital by such amounts, do not impact the Company's previously reported results of operations, cash flow or total assets, liabilities or stockholders' equity.

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

	September 30, 2002 -----	December 31, 2001 -----
ASSETS		
		(In Thousands)
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,217	\$ 14,714
Short-term investments	199	3,437
Receivables and prepaid expenses	8,116	5,902
Inventories	35,692	35,323
	-----	-----
TOTAL CURRENT ASSETS	51,224	59,376
PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment	100,108	99,096
Less accumulated depreciation	(69,448)	(65,422)
	-----	-----

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	30,660	33,674
MINING PROPERTIES		
Operational mining properties	122,947	117,555
Less accumulated depletion	(84,198)	(79,697)
	-----	-----
	38,649	37,858
Developmental properties	46,912	46,685
	-----	-----
	85,661	84,543
OTHER ASSETS		
Non-current portion of inventory	6,733	13,688
Restricted investments	11,203	11,219
Debt issuance costs, net of accumulated amortization	1,721	3,262
Other	5,609	4,618
	-----	-----
	25,266	32,787
	-----	-----
	\$192,811	\$210,380
	=====	=====

See notes to consolidated financial statements.

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

	September 30, 2002	December 31, 2001
	-----	-----
	(In Thousands)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 5,239	\$ 3,721
Working capital facility	942	-
Accrued liabilities	6,167	7,561
Accrued interest payable	2,341	2,720
Accrued salaries and wages	4,488	4,542
6% convertible subordinated debentures due 2002	-	23,171
	-----	-----
TOTAL CURRENT LIABILITIES	19,177	41,715
LONG-TERM LIABILITIES		
13 3/8% convertible senior subordinated notes due December 2003 (Series I)	15,493	41,399
13 3/8% convertible senior subordinated notes due December 2003 (Series II) (net of discount of \$1,482)	5,902	-
6 3/8% convertible subordinated debentures due January 2004	65,457	66,270
7 1/4% convertible subordinated debentures due October 2005	14,394	14,650
Reclamation and mine closure	14,025	14,462

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Other long-term liabilities	5,795	5,096
	-----	-----
TOTAL LONG-TERM LIABILITIES	121,066	141,877

SHAREHOLDERS' EQUITY

Common Stock, par value \$1.00 per share- authorized 250,000,000 shares, issued 100,345,650 and 49,278,232 shares at September 30, and December 31, 2001 (including 1,059,211 shares held in treasury), respectively	100,346	49,278
Capital surplus	398,904	388,050
Accumulated deficit	(433,090)	(397,999)
Shares held in treasury	(13,190)	(13,190)
Accumulated other comprehensive income	(402)	649
	-----	-----
	52,568	26,788
	-----	-----
	\$192,811	\$210,380
	=====	=====

See notes to consolidated financial statements.

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COEUR D'ALENE MINES CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) Three and Nine Months Ended September 30, 2002 and 2001 (Unaudited)

	3 MONTHS ENDED SEPTEMBER 30,		9 MONTHS EN SEPTEMBER	
	2002	2001	2002	
	-----	-----	-----	-----
(In thousands except for per share data)				
REVENUES				
Product sales	\$ 24,424	\$ 16,224	\$ 60,458	\$
Interest and other	2,110	842	5,201	
	-----	-----	-----	-----
Total Revenues	26,534	17,066	65,659	
COSTS AND EXPENSES				
Production	24,648	16,028	58,924	
Depreciation and depletion	2,719	2,678	8,130	
Administrative and general	1,155	2,172	5,724	
Exploration	786	1,941	2,397	
Prefeasibility	518	809	2,300	
Interest	7,583	3,466	17,431	
Other	1,464	2,298	2,924	
Loss (gain) on retirement of debt	-	(39,245)	2,920	
	-----	-----	-----	-----
Total Costs and Expenses	38,873	(9,853)	100,750	

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	-----	-----	-----	
INCOME (LOSS) BEFORE INCOME TAXES	(12,339)	26,919	(35,091)	
Income tax benefit	-	15	-	
	-----	-----	-----	
NET INCOME (LOSS)	(12,339)	26,934	(35,091)	
Unrealized holding gain (loss) on securities	(574)	367	(1,051)	
	-----	-----	-----	
COMPREHENSIVE INCOME (LOSS)	\$ (12,913)	\$ 27,301	\$ (36,142)	\$
	=====	=====	=====	
BASIC INCOME (LOSS) PER SHARE DATA				
Weighted average number of shares of Common Stock	87,742	43,639	69,354	
	=====	=====	=====	
Net Income (Loss) per share	\$ (0.14)	\$ 0.62	\$ (0.51)	\$
	=====	=====	=====	
DILUTED INCOME (LOSS) PER SHARE DATA				
Weighted average diluted number of shares of Common Stock	87,742	70,754	69,354	
	=====	=====	=====	
Net Income (Loss) per share	\$ (0.14)	\$ 0.41	\$ (0.51)	\$
	=====	=====	=====	

See notes to consolidated financial statements.

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COEUR D'ALENE MINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Three and Nine Months Ended September 30, 2002 and 2001
(Unaudited)

	3 MONTHS ENDED SEPTEMBER 30,		9 MONTHS ENDED SEPTEMBER 30,	
	2002	2001	2002	2001
	-----	-----	-----	-----
	(In Thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	\$ (12,339)	\$ 26,934	\$ (35,091)	\$
Add (deduct) noncash items:				
Depreciation and depletion	2,719	2,678	8,130	
(Gain) loss on early retirement of debt	-	(39,245)	2,920	
Other	294	743	1,212	
Non-cash interest expense	4,235	-	9,623	
Unrealized gain on written calls	-	(259)	-	
Changes in Operating Assets and Liabilities:				
Receivables	(1,758)	(508)	(2,193)	
Inventories	4,914	186	6,288	
Accounts payable and accrued liabilities	(338)	(311)	1,416	

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NET CASH USED IN OPERATING ACTIVITIES	(2,273)	(9,782)	(7,695)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of short-term investments	(8,900)	-	(9,682)
Proceeds from sales of short-term investments	9,116	-	12,800
Proceeds from sale of assets	259	-	265
Expenditures on mining assets	(3,200)	(900)	(7,931)
Other	(452)	(5)	(474)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(3,177)	(905)	(5,022)
CASH FLOWS FROM FINANCING ACTIVITIES			
Retirement of debt	-	(445)	(9,427)
Proceeds from issuance of long-term debt, net of issuance costs	(192)	(1,951)	13,858
Other	904	(162)	789
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	712	(2,558)	5,220
DECREASE IN CASH AND CASH EQUIVALENTS	(4,738)	(13,245)	(7,497)
Cash and cash equivalents at beginning of period	11,955	33,057	14,714
Cash and cash equivalents at end of period	\$ 7,217	\$ 19,812	\$ 7,217

See notes to consolidated financial statements.

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

NOTE A: Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three-month and nine-month periods ended September 30, 2002 are not necessarily indicative of the results that may be expected for the year ended December 31, 2002.

The balance sheet at December 31, 2001 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Coeur d'Alene Mines Corporation ("Coeur" or the "Company") Annual Report on Form 10-K for the year ended December 31, 2001, as amended.

NOTE B: Summary of Significant Accounting Policies

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Principles of Consolidation: The consolidated financial statements include the wholly-owned subsidiaries of the Company, the most significant of which are Coeur Rochester, Inc., Coeur Silver Valley, Inc., Coeur Alaska, Inc., CDE Cerro Bayo Ltd., Compania Minera CDE Petorca, Coeur Australia and Empresa Minera Manquiri S.R.L. The consolidated financial statements also include all entities in which voting control of more than 50% is held by the Company. The Company has no investments in entities in which it has greater than 50% ownership interest accounted for using the equity method. Intercompany balances and transactions have been eliminated in consolidation. Investments in corporate joint ventures where the Company has ownership of 50% or less and funds its proportionate share of expenses are accounted for under the equity method. The Company has no investments in entities in which it has greater than 20% ownership interest accounted for using the cost method.

Revenue Recognition: Revenue is recognized when title to silver and gold passes at the shipment or delivery point to the buyer. The effects of forward sales contracts and purchased put

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contracts are reflected in revenue at the date the related precious metals are delivered or the contracts expire. All by-product sales and third party smelting and refining costs are recorded as revenue product sales. By-product sales are primarily derived from copper which is produced as part of the silver recovery process at Coeur Silver Valley. On an annual basis, by-product sales represent less than 5% of revenues recognized as product sales.

Cash and Cash Equivalents: Cash and cash equivalents include all highly-liquid investments with a maturity of three months or less at the date of purchase. The Company minimizes its credit risk by investing its cash and cash equivalents with major international banks and financial institutions located principally in the United States and Chile with a minimum credit rating of A1 as defined by Standard & Poor's. The Company's management believes that no concentration of credit risk exists with respect to investment of its cash and cash equivalents.

Short-term Investments: Short-term investments principally consist of highly-liquid United States, foreign government and corporate securities with original maturities in excess of three months and less than one year. The Company classifies all short-term investments as available-for-sale securities. Unrealized gains and losses on these investments are recorded in accumulated other comprehensive income as a separate component of shareholders' equity. Any decline in market value judged to be other than temporary is recognized in determining net income. Realized gains and losses from the sale of these investments are included in determining net loss.

Inventories: Inventories include ore on leach pads, ore in the milling processes, concentrates, dore and ore in stockpiles. The classification of inventory is determined by the stage at which the ore is in the production process. The gold and silver content of inventories of ore on leach pads is calculated based on samples taken of the ore prior to placement on the leach pad. The ore on leach pads is then valued based on the lower of actual costs incurred or estimated net realizable value based upon the period ending prices of gold and silver. Material that does not contain a minimum quantity of gold and silver is not placed on the leach pad and is classified as waste with no value. Inventories of ore in stock piles and ore in the milling process are also sampled for gold and silver content and are valued based on the lower of actual costs incurred or estimated net realizable value based upon the period ending prices of gold and silver. Material that does not contain a minimum quantity of gold and silver to cover estimated processing expense to recover the contained gold and silver is not classified as inventory and is assigned no value.

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Inherent in estimating net realizable value is an estimate of the percentage of the minerals on leach pads and in process that will ultimately be recovered. There have been no adjustments to the recovery rates used in estimated net realizable value for the periods presented in these financial statements.

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Management evaluates this estimate on an ongoing basis and adjustments are accounted for prospectively. All inventories are stated at the lower of cost or market, with cost being determined using the first-in, first-out and weighted average cost methods. Concentrate and dore inventory includes product at the mine site and product held by refineries and are also valued at lower of cost or market.

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

Operational Mining Properties and Mine Development: Mineral exploration costs are expensed as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs incurred to develop such property including costs to further delineate the ore body and remove over burden to initially expose the ore body, are capitalized. Such costs are amortized using the unit-of-production method over the estimated life of the ore body based on proven and probable reserves. Significant payments related to the acquisition of the land and mineral rights are capitalized as incurred. Prior to acquiring such land or mineral rights the Company generally makes a preliminary evaluation to determine that the property has significant potential to develop an economic ore body. The time between initial acquisition and full evaluation of a property's potential is variable and is determined by many factors including: location relative to existing infrastructure, the property's stage of development, geological controls and metal prices. If a mineable ore body is discovered, such costs are amortized when production begins using the units-of-production method based on proven and probable reserves. If no mineable ore body is discovered, such costs are expensed in the period in which it is determined the property has no future economic value. Construction costs associated with the physical construction of leach pads are capitalized to the point that they are prepared to receive material and are then amortized over the expected useful life of the pad utilizing the unit of production method. Interest expense allocable to the cost of developing mining properties and to construct new facilities is capitalized until assets are ready for their intended use. Gains or losses from sales or retirements of assets are included in other income or expense.

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Asset Impairment: Management reviews and evaluates its long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. The Company utilizes the methodology set forth in Statement of Financial Accounting Standard ("SFAS") No. 121, "Accounting for the Impairment of Long Lived Assets and Long Lived Assets to be Disposed Of" to evaluate the recoverability of capitalized mineral property costs. An impairment is considered to exist if total estimated future cash flows

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or probability-weighted cash flows on an undiscounted basis, is less than the carrying amount of the assets, including property plant and equipment, mineral property, development property, and any deferred costs such as deferred stripping. An impairment loss is measured and recorded based on discounted estimated future cash flows or the application of an expected present value technique to estimate fair value in the absence of a market price. Future cash flows include estimates of proven and probable recoverable ounces, gold and silver prices (considering current and historical prices, price trends and related factors), production levels, capital and reclamation costs, all based on detailed engineering life-of-mine plans. Assumptions underlying future cash flow estimates are subject to risks and uncertainties. Any differences between significant assumptions and market conditions and/or the Company's performance could have a material effect on the Company's financial position and results of operations. In estimating future cash flows, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of cash flows from other groups. Generally, in estimating future cash flows, all assets are grouped at a particular mine for which there is identifiable cash flow.

In August 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," that established a single accounting model, based on the framework of SFAS No. 121, for long-lived assets to be disposed of by sale. The statement was adopted on January 1, 2002, and there was no impact on the Company upon adoption.

Restricted Investments: The Company, under the terms of its lease, self insurance, and bonding agreements with certain banks, lending institutions and regulatory agencies, is required to collateralize certain portions of the Company's obligations. The Company has collateralized these obligations by assigning certificates of deposit that have maturity dates ranging from three months to a year, to the respective institutions or agency. At September 30, 2002 and December 31, 2001, the Company had certificates of deposit under these agreements of \$11.2 million restricted for this purpose. The ultimate timing for the release of the collateralized amounts is dependent on the timing and closure of each mine. In order to release the collateral, the Company must seek approval from certain government agencies responsible for monitoring the mine closure status. Collateral could also be released to the

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extent the Company was able to secure alternative financial assurance satisfactory to the regulatory agencies. The Company believes there is a reasonable probability that the collateral will remain in place beyond a twelve-month period and has therefore classified these investments as long-term.

Deferred Stripping Costs: Deferred stripping costs are unique to the mining industry and are determined based on the Company's estimates for the life of mine strip ratio for each mine. These costs are capitalized in periods when the life of mine ratio is below the current mining strip ratio, and amortized during periods where the life of mine strip ratio is above the current strip ratio. The Rochester mine is the only mine that has previously capitalized deferred stripping costs. The life of mine strip ratio that was used to accumulate the deferred stripping amounts was 1.8 to 1 (waste to ore) and was based on the estimated average stripping ratio for the life of the mine, compared to the then current ratio of 2.2 to 1 (waste to ore) for the periods presented in the Consolidated Statements of Operations and Comprehensive Income (Loss). The deferred stripping costs have been amortized as waste and ore have been removed from the Rochester mine pit. At present the remaining life of mine plan estimates the future stripping ratio as 1.1 to 1 (waste to ore), and the remaining costs will be amortized over the remaining life of the mine. At September 30, 2002 and December 31, 2001 the carrying amount of the deferred

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stripping costs were \$1.6 million and \$1.7 million, respectively, and are included in other assets in the accompanying balance sheet. No additional deferred stripping costs were capitalized during the periods presented. Based on current reserves and current production levels the amortization would be no less than four years. The amounts that were amortized for the nine months ended September 30, 2002 and September 30, 2001 were \$0.1 million and \$0.3 million, respectively, which are included in depreciation and depletion in the Consolidated Statements of Operations and Comprehensive Income (Loss).

Reclamation and Remediation Costs: Estimated future costs are based principally on legal and regulatory requirements. Such costs related to active mines are accrued and charged over the expected operating lives of the mines using the unit-of-production method. Future remediation costs for inactive mines are accrued based on management's best estimate at the end of each period of the undiscounted costs expected to be incurred at the site. Such cost estimates include, where applicable, ongoing care and maintenance and monitoring costs. Changes in estimates are reflected in earnings in the period an estimate is revised.

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which established a uniform methodology for accounting for estimated reclamation and abandonment costs. The Standard will be adopted January 1, 2003, when the Company will record the estimated present value of reclamation

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liabilities and change the carrying amount of the related asset. Subsequently, the reclamation costs will be allocated to expense over the life of the related assets and will be adjusted for changes resulting from the passage of time and revisions to either the timing or amount of the original present value estimate. The Company is in the process of quantifying the effect of adoption.

Foreign Currency: Substantially all assets and liabilities of foreign subsidiaries are translated at exchange rates in effect at the end of each period. Revenues and expenses are translated at the average exchange rate for the period. Foreign currency transaction gains and losses are included in the determination of net income.

Derivative Financial Instruments: The Company uses derivative financial instruments as part of an overall risk-management strategy. These instruments are used as a means of hedging exposure to precious metals prices and foreign currency exchange rates. The Company does not hold or issue derivative financial instruments for trading purposes. Written options do not qualify for hedge accounting and are marked to market each reporting period with corresponding changes in fair value recorded to operations as other income.

The Company uses forward sales contracts and combinations of put and call options to fix a portion of its exposure to precious metals prices. The underlying production for forward sales contracts is designated for physical delivery at the inception of the derivative. If the Company enters into derivatives that qualify for hedge accounting, deferral accounting is applied only if the derivatives continue to reduce the price risk associated with the underlying hedged production. Contracted prices on forward sales contracts are recognized in product sales as the designated production is delivered or sold. In the event of early settlement of hedge contracts, gains and losses are deferred and recognized in income at the originally designated delivery date.

The Company uses foreign currency contracts to hedge its exposure to movements in the foreign currency translation amounts for anticipated transactions in Chilean pesos. These contracts are marked-to-market to other

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Comprehensive Income (Loss) each reporting period.

Income Taxes: The Company accounts for income taxes using the liability method, recognizing certain temporary differences between the financial reporting basis of the Company's liabilities and assets and the related income tax basis for such liabilities and assets. This method generates a net deferred income tax liability or asset for the Company as of the end of the year, as measured by the statutory tax rates in effect as enacted. The Company derives its deferred income tax charge or benefit by recording the change in the net deferred income tax liability or asset balance for the year.

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The Company's deferred income tax assets include certain future tax benefits. The Company records a valuation allowance against any portion of those deferred income tax assets that it believes will more likely than not fail to be realized.

Comprehensive Income: In addition to net loss, comprehensive income includes all changes in equity during a period, except those resulting from investments by and distributions to owners. Items of comprehensive income include foreign currency exchanges, the effective portions of hedges and unrealized gains and losses on investments classified as available-for-sale.

Income (Loss) Per Share: Loss per share is computed by dividing the net loss attributable to common stock by the weighted average number of common shares outstanding during each period. All stock options outstanding at each period end have been excluded from the weighted average share calculation. The dilutive income per share was \$0.39 and \$0.33 in the three month and nine month periods ending September 30, 2001. The effect of potentially dilutive stock options outstanding was antidilutive in the three and nine month periods ending September 30, 2002.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications: Certain reclassifications of prior year balances have been made to conform to current year presentation. The Company has reclassified restricted investments to long-term restricted investments in the December 31, 2001 balance sheet to conform to the September 30, 2002 balance sheet. The Company has reclassified a portion of the heap inventory to non-current portion of inventory to conform to the September 30, 2002 balance sheet. See Note D.

Note C: Business Acquisitions and Dispositions

On November 8, 2002, the company sold certain timber lands to Stimson Lumber Company for the sum of \$3,850,000, with net proceeds to the company in the approximate amount of \$3,650,000. All mineral and water rights to these lands were reserved to the Company and were not sold as a part of the transaction.

On August 30, 2002 the Company sold its interest in the Petorca mine and recorded a gain of \$1.7 million.

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On April 2, 2002, the Company completed the acquisition of Compania Minera Polimet S.A. ("Polimet") from Yamana Resources Inc. ("Yamana") for \$2.5 million in cash. The acquisition of Polimet has been accounted for under the purchase method of accounting in accordance with APB No. 16. The carrying values of assets and liabilities other than the mining properties have been estimated to approximate fair market value. Polimet owns 100% of the Martha Mine and an exploration land package consisting of approximately 202,000 acres located in the western portion of the Santa Cruz Province, Argentina. The results of operations of Polimet have been included in the Company's financial statements for the time period after the date of acquisition, April 2, 2002. Coeur also acquired the right to purchase 10 million common shares of Yamana for an additional \$600,000. The Company purchased 5 million shares in May, and 2.5 million shares in September, and is expected to complete the purchase of 2.5 million shares in December.

NOTE D: Inventories

The Company measures the quantities of silver and gold produced mby the mine, added to the heap leach circuit and removed from the heap leach circuit at various points throughout the production cycle. Metal content is first measured as ore is mined with the sampling of material recovered as part of the blast hole drilling process. This data combined with quantity determinations from actual survey data determines the metal content of ore removed from the mine and transported to the crusher. At the crusher, the material is again sampled as crushed and is weighed to insure accuracy of the mine data. This data is then utilized to determine the metal content of ore inventory placed on the pad for leaching. The gross metal content of ore placed into leach is adjusted by the expected recovery, giving effect to metallurgical losses and the expected leach time to achieve ultimate recovery. As the ore is leached, the volume of leach solution applied to the leach pad and recovered from the leach pad is measured by flowmeters to determine the quantity of solution processed. The solutions are continuously sampled and assayed to determine the quantities of silver and gold removed from the leach circuit. The difference between the quantities of silver and gold added to the heap, less the metal removed by the leach circuit provides the basis for determining the amount of metal remaining in heap inventory at any point in time. The two most critical points of measurement of heap inventory are contained ounces delivered to the pad and ounces removed through leaching. In addition, the Company uses the time weighted leach recovery curve to estimate that portion of the heap inventory that will that will not be recovered within the next twelve months. Heap inventory that is not expected to be recovered within twelve months is classified as non-current inventory.

The Company continuously measures the actual performance of the leach circuit and combines that information with information generated

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through laboratory testing to determine if estimates of leach recovery, including the time required to reach ultimate recovery is reasonable.

Inventories are comprised of the following:

	SEPTEMBER 30, 2002	DECEMBER 31, 2001
	-----	-----
	(In Thousands)	
In process, stockpiles and on leach pads	\$ 25,511	28,831
Concentrate and dore' inventory	5,542	1,567
Supplies	4,639	4,925
	-----	-----

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	\$ 35,692	\$ 35,323
	=====	=====
Long-term in process and on leach pads	\$- 6,733	\$ 13,688
	=====	=====

Inventories of ore on leach pads and in the milling process are valued based on actual costs incurred or estimated net realized value, less costs allocated to minerals recovered through the leaching and milling processes. The capitalized costs consist of those production activities occurring at the mine site and include the costs, including depreciation, associated with mining, crushing and precipitation circuits. Inherent in estimating net realized value is an estimate of the percentage of the minerals on leach pads and in process that will ultimately be recovered. All inventories are stated at the lower-of-cost or market, with cost being determined using the first-in, first-out and weighted-average-cost methods. Concentrate and dore inventory includes product at the mine site and product held by refineries.

NOTE E: Income Taxes

The Company has reviewed its net deferred tax asset as of September 30, 2002, together with net operating loss carry forwards, and has decided to forego recognition of potential tax benefits arising therefrom. In making this determination, the Company has considered the Company's history of tax losses incurred since 1989, the current level of gold and silver prices and the ability of the Company to use accelerated depletion and amortization methods in the determination of taxable income. As a result, the Company's net deferred tax asset has been fully reserved at September 30, 2002 and December 31, 2001.

NOTE F: Long-Term Debt and Supplemental Cash Flow Information

During the 3rd quarter of 2002, holders of \$9.9 million of the Series I 13 3/8% Convertible Senior Subordinated Notes due December 31, 2003 (the "Series I 13 3/8% Notes") voluntarily converted such notes, in accordance with the original terms, into approximately 7.3 million shares of Common Stock. In addition, 0.8 million shares of common stock were issued as payment for \$1.4 million of interest expense on the Series I 13 3/8% Notes.

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During the 3rd quarter of 2002 holders of \$14.1 million of Series II 13 3/8% Convertible Senior Subordinated Notes due December 31, 2003 (the "Series II 13 3/8% Notes") voluntarily converted such notes, in accordance with the original terms, into approximately 10.4 million shares of common stock. The Series I 13 3/8% Notes and the Series II 13 3/8% Notes are collectively referred to hereinafter as the "13 3/8% Notes." In addition, 1.7 million shares of common stock were issued as payment for \$2.8 million of interest expense on the Series II 13 3/8% Notes.

During the 2nd quarter of 2002 the Company repurchased \$10.3 million, \$0.8 million and \$0.3 million principal amount of its outstanding 6%, 6-3/8% and 7-1/4% Convertible Subordinated Debentures, respectively, in exchange for 11.9 million shares of common stock and recorded a loss of approximately \$2.9 million. In addition, holders of \$10.3 million of the Series I 13-3/8% Notes voluntarily converted, in accordance with the original terms, into approximately 7.7 million shares of common stock. In addition, 2.7 million shares of common stock were issued as payment for \$4.2 million of interest expense on the Series I 13 3/8% Notes.

In May 2002, the Company issued \$21.5 million principal amount of Series II 13 3/8% Notes due December 2003, for proceeds of approximately \$13.9 million, net of discount of \$5.5 million and net of offering costs of approximately \$2.1

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million.

During the 1st quarter of 2002 the Company repurchased \$3.5 million principal amount of its outstanding 6% Convertible Subordinated Debentures in exchange for approximately 3.4 million shares of common stock. In addition, holders of \$5.7 million principal amount of Series I 13-3/8% Notes voluntarily converted their Notes into 5.1 million shares of common stock.

During the 3rd quarter of 2001, the Company issued a total of \$43.2 million principal amount of Series I 13 3/8% Notes in connection with an exchange offer extended to the holders of outstanding convertible subordinated debentures.

During the 3rd quarter of 2001, \$1.3 million of the Series I 13 3/8% Notes were converted into approximately 1.2 million shares of common stock.

During the 2nd quarter of 2001 the Company repurchased \$11.0 million principal amount of its outstanding 7-1/4% Convertible Subordinated Debentures in exchange for approximately 4.3 million shares of common stock.

During the 1st quarter of 2001, the Company repurchased \$5.0 million principal amount of its outstanding 7-1/4% Convertible Subordinated Debentures in exchange for approximately 1.8 million shares of common stock.

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NOTE G: Segment Reporting

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

The operating segments are managed separately because each segment represents a distinct use of Company resources and contribution to the Company's cash flows in its respective geographic area. The Company's reportable operating segments are the Rochester, Coeur Silver Valley and Cerro Bayo mining properties, the Kensington development property, and the Company's exploration programs, which includes the San Bartolome silver development property. All operating segments are engaged in the discovery and/or mining of gold and silver and generate the majority of their revenues from the sale of precious metal concentrates and/or refined precious metals. The Coeur Silver Valley and Cerro Bayo mines sell precious metal concentrates, typically under long term contracts to smelters located in Canada (Noranda Inc. and Cominco Ltd.) and Japan (Sumitomo Ltd. and DOWA Mining Company). Refined gold and silver produced by the Rochester mine is primarily sold on a spot basis to precious metal trading banks such as Standard Bank, Morgan Stanley, Mitsui and N.M. Rothschild.

Intersegment revenues consist of precious metal sales to the Company's metals marketing division and are transferred at the market value of the respective metal on the date of the transfer. The other segment includes earnings from unconsolidated subsidiaries accounted for by the equity method, the corporate headquarters, elimination of intersegment transactions and other items necessary to reconcile to consolidated amounts. Revenues in the other segment are generated principally from interest received from the Company's cash and investments that are not allocated to the operating segments. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in the Company's Annual Report on Form 10-K. The Company evaluates performance and allocates resources based on each segment's profit or loss before interest, income taxes, depreciation and

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amortization, unusual and infrequent items, and extraordinary items.

Segment Reporting (In Thousands)

	Rochester Mine	Galena Mine	Cerro Bayo Mine	Martha Mine	Explora
Nine Months Ended September 30, 2002					
Total net sales and revenues	\$ 38,629	\$ 18,178	\$ 6,269	\$ 218	\$ 3,

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Depreciation and depletion	2,915	2,418	2,327	169	
Reclamation expense	863	474	-	-	
Interest income	-	-	2	-	
Interest expense	-	-	20	-	
Care and maintenance and other	-	350	614	10	
Write-down of mine property and other		245	396		
Loss on early retirement of debt	-	-	-	-	
Profit (loss)	(1,716)	4,609	2,398	(276)	(
Segment assets (A)	58,952	27,642	29,675	3,030	19,
Capital expenditures for property	769	1,484	3,062	73	

	Rochester Mine	Galena Mine	Cerro Bayo Mine	Petorca Mine	Explor
Nine Months Ended September 30, 2001					
Total net sales and revenues	\$ 35,814	\$ 11,703	\$ 221	\$ 5,960	\$
Depreciation and depletion	5,497	1,870	-	398	
Reclamation expense	1,087	446	-	-	
Interest income	-	-	2	3	
Interest expense	-	-	-	1	
Gain on forward sale contracts	-	-	-	-	
Care and maintenance and other	-	355	1,173	486	
Income tax (credit) expense	-	1	-	-	
Earnings (losses) from non-consolidated affiliates	-	-	-	-	(1,
Gain on early retirement of debt	-	-	-	-	
Profit (loss)	4,067	(768)	(1,688)	(734)	(6,
Segment assets (A)	75,140	28,037	23,182	1,289	19,
Capital expenditures for property	815	2,376	801	-	

Notes:

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

Segment Reporting Cont.
(In Thousands)

	Nine Months Ended September 30, 2002	September 30, 2001
Income (Loss)		
Total loss from reportable segments	\$ (2,348)	\$ (1,348)
Depreciation, depletion and amortization expense	(8,130)	(8,130)
Reclamation expense	(1,337)	(1,337)
Interest expense	(17,431)	(17,431)
(Loss) gain on early retirement of debt	(2,920)	4,920
Other	(2,925)	(2,925)
Loss before income taxes	\$ (35,091)	\$ (35,091)

	September 30, 2002	September 30, 2001
Assets		
Total assets for reportable segments	\$ 168,425	\$ 188,425
Cash and cash equivalents	7,217	17,217
Short-term and restricted investments	11,402	11,402
Other assets	5,766	5,766
Total consolidated assets	\$ 192,811	\$ 222,811

Geographic Information

(In thousands)	Revenues (a)	Long-term Assets
September 30, 2002		
United States	\$56,047	\$ 74,047
Chile	9,395	21,395
Bolivia	-	18,000
Other Foreign Countries	217	2,000
Consolidated Total	\$65,659	\$117,442
September 30, 2001	Revenues	Long-term Assets
United States	\$51,983	\$ 87,983
Chile	3,548	21,548
Bolivia	-	18,000
Other Foreign Countries	(392)	
Consolidated Total	\$55,139	\$127,531

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(a) Revenues are geographically separated based upon the country in which operations and the underlying assets generating those revenues reside.

NOTE H: Hedging

For the first nine months of 2002 the Company recorded a realized loss of approximately \$0.2 million in connection with its hedge program. The Company has 30,000 ounces in forward sales in its gold price protection program, whereby over the next 15 months the Company will receive an average price of \$324 per ounce.

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The following table summarizes the information at September 30, 2002 associated with the Company's financial and derivative financial instruments that are sensitive to changes in interest rates, commodity prices and foreign exchange rates. For long-term debt obligations, the table presents principal cash flows and related average interest rates. For gold call options and amortizing forward sales, the table presents ounces contracted to be delivered and the related average price per ounce in U.S. dollars. For foreign currency exchange contracts, the table presents the notional amount in Chilean Peso's to be purchased along with the average foreign exchange rate.

(dollars in thousands)	2002	2003	2004	2005	2006	There
<hr/>						
Liabilities						
Long Term Debt						
Fixed Rate	\$ -	\$22,877	\$65,457	\$14,394	\$ -	\$
Average Interest Rate	10.208%	8.056%	7.006%	7.250%		
Derivative Financial						
Instruments						
Gold Forward						
Sales - USD						
Ounces	6,000	24,000	-	-	-	
Price Per Ounce	\$325	\$324	-	-	-	
Foreign Currency						
Contracts						
Chilean Peso - USD	\$1,350	\$3,000	-	-	-	
Exchange Rate	716	716	-	-	-	
(CLP to USD)						

Fair value is determined by trading information on or near the balance sheet date. Long term debt represents the face amount of the outstanding convertible debentures and timing of when these become due. Interest rates presented in the table are calculated using the weighted average of the outstanding face amount of each debenture for the period remaining in each period presented. All long term debt is denominated in US dollars.

NOTE I: New Accounting Standards and Requirements

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical

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Corrections" ("SFAS 145"). Under SFAS No. 145, most gains and losses from extinguishments of debt will not be classified as extraordinary items unless they meet much more narrow criteria in Accounting Principles Board Opinion No. 30 "Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" ("APB 30"). SFAS No. 145 may be early

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adopted, but is otherwise effective for fiscal years beginning after May 15, 2002, and must be adopted with retroactive effect.

The Company has elected to early adopt this standard and under SFAS No. 145, the Company has made the determination that its gains and losses from early extinguishment of debt do not fall under APB Opinion No. 30. Consequently, the Company has reclassified all prior extraordinary items relating to the early extinguishment of debt to be included as part of loss from continuing operations

NOTE J: Litigation and Other Events

Noranda Smelter Strike

On June 18, 2002, the Company received notification from Noranda that the employees working at its smelter in Quebec were on strike. This smelter is where Coeur Silver Valley sells essentially 100% of its concentrate. As of September 30, 2002 the employees were on strike, but Noranda had removed the "Force Majure" under the terms of the Company's concentrate sales contract and have continued to purchase the concentrate sent to them by Coeur Silver Valley. Management believes that Noranda will continue to purchase all produced concentrate from Coeur Silver Valley. However, the Company would see a significant decrease in product sales from Coeur Silver Valley in the event that Noranda were to exercise its Force Majure rights. In the third quarter the Company was able to sell 750 tons of concentrate in the spot market to an alternative buyer. In the event that Noranda exercises Force Majure in the future, we would pursue alternative buyers.

Lawsuit to Recover Inventory

During the first quarter of 2000, Handy & Harman Refining Group, Inc. ("Handy & Harman"), to which the Rochester Mine had historically sent approximately 50% of its dore, filed for Chapter 11 bankruptcy. The Company had inventory at the refinery of approximately 67,000 ounces of silver and 5,000 ounces of gold that has been delivered to certain creditors of Handy & Harman. On February 27, 2001 the Company commenced a lawsuit against Handy & Harman and certain others in the U.S. Bankruptcy Court for the District of Connecticut seeking recovery of the metals and/or damages. Handy & Harman's Chapter 11 liquidation plan was confirmed by the Bankruptcy Court in August 2001 and on November 3, 2001, the Company received approximately \$294,000 from Handy & Harman as a partial payment under the plan. The liquidating custodian of Handy & Harman under the liquidation plan filed suit against the Company in March 2002 for the value of 100,000 ounces of silver (i.e., approximately \$500,000) as a preference based on the Company's draw-down of its silver held by Handy & Harman in mid-March 2000. Based on this more recent legal action, the Company has determined that the recovery of any additional amounts would be remote. As a result, the Company recorded a \$1.4 million write-down

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of the carrying amount in the fourth quarter of 2001. Management of the Company and legal counsel believe that the claims are without merit, and are vigorously

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defending the suit.

Baugh Class Action

On January 7, 2002, a private class action suit captioned Baugh vs. Asarco, et al., was filed in the Idaho District Court for the First District (Lawsuit No. 2002131) in Kootenai County, Idaho against the companies that have been defendants in the prior Bunker Hill and natural resources litigation in the Coeur d'Alene Basin, including the Company, by five families seeking medical benefits and property compensation from the mining companies involved in the Bunker Hill Superfund site. Damages for diminution in property value, trespass and nuisance were claimed. In addition, it was alleged that the court should make provision for medical monitoring and oversight of certain cleanup activities. On October 16, 2002 the court dismissed the complaint in response to motions by the defendants, with leave granted to the plaintiffs to amend their complaint within 60 days from the date of dismissal.

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

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

General

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

The average prices of silver(Handy & Harman)and gold(London Final)for the first nine months of 2002 were \$4.66 and \$306 per ounce, respectively. The market prices of silver and gold on November 8, 2002 were \$4.56 per ounce and \$322 per ounce, respectively.

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The Company's operating mines are the Rochester mine in Nevada, the Galena mine in the Coeur d'Alene Mining District of Idaho, the Cerro Bayo and Furioso mines in Chile, and the Mina Martha mine in Argentina.

This document contains numerous forward-looking statements relating to the Company's gold and silver mining business. The United States Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for certain forward-looking statements. Operating, exploration and financial data, and other statements in this document are based on information the Company believes reasonable, but involve significant uncertainties as to future gold and silver prices, costs, ore grades, estimation of gold and silver reserves, mining and processing conditions, changes that could result from the Company's future acquisition of new mining properties or businesses, the risks and hazards inherent in the mining business (including environmental hazards, industrial accidents, weather or geologically related conditions), regulatory and permitting matters, and risks inherent in the ownership and operation of, or

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investment in, mining properties or businesses in foreign countries. Actual results and timetables could vary significantly from the estimates presented. Readers are cautioned not to put undue reliance on forward-looking statements. The Company disclaims any intent or obligation to update publicly these forward-looking statements, whether as a result of new information, future events or otherwise.

The following table sets forth the amounts of silver and gold produced by the following mining properties, each of which is wholly owned by the Company, and the cash and full costs of such production during the three-month and nine-month periods ended September 30, 2002 and 2001:

	Three Months Ended September 30,		Nine Month Septemb
	2002	2001	2002
ROCHESTER MINE			
Gold ozs.	18,885	18,171	52,440
Silver ozs.	1,717,151	1,483,382	4,770,361
Cash Costs per oz./silver(a)	\$2.83	\$3.42	\$3.11
Full Costs per oz./silver	\$3.44	\$4.17	\$3.87
Galena Mine			
Silver ozs.	1,188,262	1,060,191	4,045,253
Cash Costs per oz./silver(a)	\$4.54	\$4.97	\$4.20
Full Costs per oz./silver	\$5.34	\$5.80	\$4.91
CERRO BAYO MINE			
Gold ozs.	15,081	N/A	21,000
Silver ozs.	881,348	N/A	1,141,891
Cash Costs per oz./silver(a)	\$0.91	N/A	\$1.21
Full Costs per oz./silver	\$1.95	N/A	\$3.25
PRIMARY SILVER MINES			
Consolidated Cash Cost per ounce of silver	\$2.92	\$4.07	\$3.33
PETORCA MINE(b)			
Gold ozs.	N/A	3,563	N/A
Silver ozs.	N/A	27,274	N/A
Cash Costs per oz./gold(a)	N/A	\$306	N/A
Full Costs per oz./gold	N/A	\$331	N/A
PRIMARY GOLD MINES			
Consolidated Cash Cost per ounce of gold	N/A	\$306	N/A
CONSOLIDATED PRODUCTION TOTALS			
Gold ozs.	33,966	21,734	73,440
Silver ozs.	3,786,761	2,570,847	9,957,505

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(a) See reconciliation of non-GAAP cash costs to GAAP production costs below under "Costs and Expenses".

(b) The Petorca mine ceased production in August 2001 and was sold in August 2002.

Note: "Cash Costs per Ounce" are calculated by dividing the cash costs computed for each of the Company's mining properties for a specified period by the amount of gold ounces or silver ounces produced by that property during that same period. Management uses cash costs per ounce produced as a key indicator of the profitability of each of its mining properties. Gold and silver are sold and priced in the world financial markets on a US dollar per ounce basis. By calculating the cash costs from each of the Company's mines on the same unit basis, management can easily determine the gross margin that each ounce of gold and silver produced is generating.

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

Total cash costs per ounce is a non-GAAP measurement and investors are cautioned not to place undue reliance on it and are urged to read all GAAP accounting disclosures presented in the consolidated

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financial statements and accompanying footnotes, In addition, see the reconciliation of "cash costs" to production costs under the "Costs and Expenses" set forth below:

Overview of Operations for the three and nine months ended September 30, 2002

South America

Cerro Bayo (Chile)

- o 881,000 ounces of silver and 15,000 ounces of gold produced during the third quarter at cash costs of \$0.91* per ounce of silver.
- o Silver production is expected to double and gold production is expected to increase 50% percent in the fourth quarter of 2002; cash costs are expected to decline to \$0.65* per ounce of silver.
- o New high-grade vein structures intersected during recent drilling program.
- o On track to produce 3.0 million ounces of silver and 44,000 ounces of gold for 2002.

During its first full quarter of operations, Cerro Bayo tripled its silver production and more than doubled its gold production compared to the second quarter of 2002. Cash costs during the quarter were \$0.91* per ounce of silver, down 61% from the second quarter, primarily due the increase in silver and gold

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production.

The Company stepped-up its exploration activities during the third quarter. Four drill rigs are currently active on the property and the program has been designed to increase reserves and mineralized material and improve the Company's geologic understanding of the highly prospective 5 km wide by 10 km long Cerro Bayo mineralized zone. While drilling on the Celia vein - one of the main sources of new reserves - Coeur intersected two new veins. Select values from these intercepts on the new Marta vein located 80 feet west of the Celia vein included 6.6 feet of 36.3 oz/ton silver and 0.17 oz/ton gold and 4.0 feet of 42.9 oz/ton silver and 0.39 oz/ton gold. Drilling activities are scheduled to continue throughout the fourth quarter.

* See reconciliation of non-GAAP cash costs to GAAP production costs below under "Costs and Expenses".

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Martha (Argentina)

- o During the third quarter approximately 1,800 tons of ore was hauled to Cerro Bayo for processing averaging 98 ounces per ton silver.
- o Poor weather conditions during third quarter slowed the transportation of ore to Cerro Bayo.
- o Positive exploration results were achieved during the quarter.

Coeur began hauling ore from Martha to Cerro Bayo for processing during the third quarter. However, record rainfall in the region restricted the amount of ore that was transported. The Company expects to triple the tons of ore that are shipped to Cerro Bayo during the fourth quarter of 2002.

On November 5, 2002, Coeur announced continued exploration success at Martha. Since commencing a reverse circulation drill program in August, Coeur has drilled a total of 52 holes totaling approximately 3,500 meters (11,550 feet). Based on these results, Coeur has increased its estimate of the total mineralized material at Martha by 24%. The new mineralized material is located immediately adjacent to and below the current underground workings and should extend Martha's mine life. Drilling is also delineating additional high grade mineralization in the eastern part of the Martha mine, which has the potential to further increase the total amount of total proven and probable reserves and mineralized material.

Additional mineralized material is also being delineated along the main Martha vein at the R-4 prospect located 100 meters (330 feet) east of the Martha mine. The Company's exploration efforts to date indicate that the main Martha vein is prospective over a 1,600 meter (5,250 feet) strike length. Drilling continues on the Martha vein and on the two new veins that have been identified in the area. Over the coming weeks, Coeur is confident that nearly all of the mineralized material will be converted to proven and probable reserves and that additional mineralized material will be added.

North America

Rochester Mine (Nevada) - World's 7th largest silver mine

- o 1.7 million ounces of silver and 19,000 ounces of gold produced during the third quarter of 2002.
- o 4.8 million ounces of silver and 52,400 ounces of gold produced during the

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first nine months of 2002.

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- o Cash costs of \$2.83* per ounce of silver during the third quarter of 2002 - a 17% decrease from last year's third quarter largely the result of increased production.
- o Projecting approximately 6.3 million ounces of silver and 65,000 ounces of gold production for 2002 at an average cash cost of approximately \$3.20 per ounce of silver.

Rochester's silver production of 1.7 million ounces represented a 16% increase over last year's third quarter. Gold production for the same period increased 4% compared to last year. The production increases are primarily due to several process modifications that were implemented earlier this year.

Preparations for mining the adjacent Nevada Packard deposit are nearly complete and ore production is commencing this current quarter.

Looking ahead to 2003, the Company expects to move its existing crusher facilities to access additional ounces. Combined with mining from Nevada Packard, Coeur now expects mining at Rochester to continue into 2007, at which time residual leaching will commence.

Coeur Silver Valley - Galena Mine (Idaho) - World's 11th largest silver mine

- o 1.2 million ounces of silver produced during the quarter, representing a 12% increase from last year's third quarter.
- o 4.0 million ounces produced during the first nine months of 2002, a 26% increase as compared to the first nine months of 2001.
- o Cash costs of \$4.54* per ounce during the third quarter - a 9% decrease from last year's third quarter. Cash costs for the first nine months of 2002 were \$4.20* per ounce compared to \$4.64 per ounce during the first nine months of 2001.
- o Projecting 5.2 million ounces of silver production for 2002 at an average cash cost of approximately \$4.30* per ounce.

Production continues to increase and costs continue to decrease compared to prior periods due to the introduction of mechanized mining in select areas of the mine earlier this year.

During the third quarter, development work took place in the "upper country" of the mine to allow the Company to introduce lower cost long-hole bulk mining in select areas of the mine next year.

* See reconciliation of non-GAAP cash costs to GAAP production costs below under "Costs and Expenses".

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RESULTS OF OPERATIONS

Three Months Ended September 30, 2002 Compared to Three Months Ended September 30, 2001.

Revenues

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Product sales in the third quarter of 2002 increased by \$8.2 million, or 51%, from the third quarter of 2001 to \$24.4 million. The increase in product sales is attributable to (i) increased ounces of silver and gold produced (accounting for \$5.6 million, or 68%, of the increase); and (ii) increased realized silver and gold prices (accounting for \$2.6 million, or 32%, of the increase).

In the third quarter of 2002, the Company produced a total of 3,786,764 ounces of silver and 33,966 ounces of gold, compared to 2,570,847 ounces of silver and 21,734 ounces of gold in the third quarter of 2001. The most important contributor to increased production in the third quarter of 2002 was the Cerro Bayo mine, which commenced operations in April 2002 and produced 881,348 ounces of silver and 15,081 ounces of gold in the quarter. Realized silver and gold prices increased to \$4.65 and \$315 per ounce, respectively, in the third quarter of 2002 compared to \$4.26 and \$278 in the same quarter of 2001.

Interest and other income in the third quarter of 2002 increased by \$1.3 million compared with the third quarter of 2001. The increase was due to a \$1.7 million gain recorded on the disposal of the Petorca mine, offset by \$0.4 million of lower interest income received as a result of decreased interest rates and lower cash balances.

Costs and Expenses

Production costs in the third quarter of 2002 increased by \$8.6 million, or 54%, from the third quarter of 2001 to \$24.6 million. Increased production costs were a result of the start of production at the Cerro Bayo mine in April 2002.

The following tables present a reconciliation between cash costs per ounce and GAAP production costs reported in the Statement of Operations:

Three months ended September 30, 2002

	Rochester -----	Silver Valley -----
Production of Silver (ounces)	1,717,151	1,188,262
Cash Costs per ounce	\$ 2.83	\$4.54
Total Cash Costs (thousands)	\$4,860	\$5,895

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Add/Subtract:

Third Party Smelting Costs	(307)	(1,801)
By-Product Credit	5,932	667
Accrued Reclamation Costs	290	150
Inventory Variations	4,775	(131)
Production Costs	\$ 15,550	\$4,780

Three months ended September 30, 2001

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	Rochester	Silver Valley
	-----	-----
Production of Silver (ounces)	1,483,382	1,060,191
Production of Gold (ounces)		
Cash Costs per ounce	\$ 3.42	\$4.97
	-----	-----
Total Cash Costs (thousands)	\$5,073	\$5,269
Add/Subtract:		
Third Party Smelting Costs	(195)	(1,425)
By-Product Credit	4,964	561
Accrued Reclamation Costs	361	205
Inventory Variations	(479)	(703)
	-----	-----
Production Costs	\$9,724	\$3,907
	=====	=====

Depreciation and amortization increased in the third quarter of 2002 by \$0.04 million, from the prior year's third quarter, due to increased depletion taken at the Rochester, Galena and Cerro Bayo mines due to increased production of silver at the mines.

Administrative and general expenses decreased in the third quarter of 2002 compared to the same period in 2001 by \$1.0 million due to cost conservation measures implemented late in 2001.

Exploration expenses decreased by \$1.2 million in the third quarter of 2002 compared to the same period in 2001. Exploration expenditures were curtailed in the first nine months of 2002 to conserve cash. These expenses are expected to increase in the fourth quarter.

Pre-feasibility expenses on the San Bartolome project were \$0.3 million lower in the third quarter of 2002 as compared to the same quarter of 2001. The feasibility study for the San Bartolome project has been slowed down due to low silver prices and in order to review mining alternatives.

Interest expense increased in the third quarter of 2002 over the third quarter of 2001 to \$7.6 million from \$3.5 million. Per the terms of the indentures, an additional \$4.2 million in interest was paid to the holders of \$24 million of the 13 3/8% Notes which converted to equity during the third quarter of 2002.

There was no gain or loss on retirement of debt in the third quarter ending September 30, 2002, compared to a gain on retirement

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of debt of \$39.2 million in the same quarter of 2001. Refer to "Debt Reduction Program" discussion below for more detail.

Net Income (Loss)

As a result of the above mentioned factors, the Company's net loss amounted to \$12.3 million in the third quarter of 2002 compared to net income of \$26.9

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million in the third quarter of 2001. The net loss attributable to common shareholders was \$0.14 per share for the third quarter of 2002, compared to net income attributable to common shareholders of \$0.62 per share for the third quarter of 2001.

Debt Reduction Program

During the 3rd quarter of 2002, holders of \$9.9 million of the Series I 13 3/8% Convertible Senior Subordinated Notes due December 31, 2003 (the "Series I 13 3/8% Notes") voluntarily converted such notes into approximately 7.3 million shares of common stock. In addition, 0.8 million shares of common stock were issued as payment for \$1.4 million of interest expense on the Series I 13 3/8% Notes.

During the 3rd quarter of 2002 holders of \$14.1 million of Series II 13 3/8% Convertible Senior Subordinated Notes due December 31, 2003 (the "Series II 13 3/8% Notes") voluntarily converted such notes into approximately 10.4 million shares of common stock. The Series I 13 3/8% Notes and the Series II 13 3/8% Notes are collectively referred to hereinafter as the "13 3/8% Notes." In addition, 1.7 million shares of common stock were issued as payment for \$2.8 million of interest expense on the Series II 13 3/8% Notes.

During the third quarter of 2001, the Company issued a total of \$43.2 million principal amount of Series I 13 3/8% Notes in connection with an exchange offer extended to the holders of outstanding convertible subordinated debentures. As a result of the transaction, the Company recorded a gain of \$39.2 million on the early retirement of debt.

During the third quarter of 2001, holders of \$1.3 million of the Series I 13 3/8% Notes converted into approximately 1.2 million shares of common stock.

Nine Months Ended September 30, 2002 Compared to Nine Months Ended September 30, 2001.

Revenues

Product sales in the first nine months of 2002 increased by \$8.0 million, or 15%, from the first nine months of 2001 to \$60.5 million. The increase in product sales is attributable to (i) increased ounces of silver produced, offset in part by a reduction in the ounces of gold produced (accounting for \$5.6 million, or 68%, of the increase);

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and (ii) increased realized silver and gold prices (accounting for \$2.6 million, or 32%, of the increase). In the first nine months of 2002, the Company produced a total of 9,957,505 ounces of silver and 73,440 ounces of gold compared to 7,759,738 ounces of silver and 75,688 ounces of gold in the first nine months of 2001. The Cerro Bayo mine, which commenced operations in April 2002, produced 1,141,891 ounces of silver and 21,000 ounces of gold through September 30, 2002. Silver production also increased at the Galena and Rochester mines. The Petorca mine, which ceased production in August 2001, produced 85,012 ounces of silver and 17,494 ounces of gold during the first nine months of 2001. Reduced gold production at Rochester also contributed to the decrease in gold production in the first nine months of 2002. In the first nine months of 2002, the Company realized average silver and gold prices of \$4.67 and \$306, respectively, compared with realized average prices of \$4.40 and \$274, respectively, in the prior year's first nine months.

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Interest and other income in the first nine months of 2002 increased by \$2.5 million compared with the first nine months of 2001. The increase was due to the receipt of \$1.5 million of insurance proceeds relating to a business interruption claim at the Galena mine and gain on the sale of the Petorca mine of \$1.7 million, offset by lower interest income received as a result of decreased interest rates and reduced cash balances of \$0.7 million.

Costs and Expenses

Production costs in the first nine months of 2002 increased by \$6.8 million, or 13%, from the first nine months of 2001 to \$58.9 million. Increased production costs were a result of the start of production at the Cerro Bayo mine in April of 2002 offset in part by the closure of the Petorca mine in August 2001.

The following tables present a reconciliation between cash costs per ounce and GAAP production costs reported in the Statement of Operations:

Nine months ended September 30, 2002

	Rochester -----	Silver Valley -----
Production of Silver (ounces)	4,770,361	4,045,253
Cash Costs per ounce	\$ 3.11	\$ 4.20
Total Cash Costs (thousands)	\$ 14,836	\$ 16,990
Add/Subtract:		
Third Party Smelting Costs	(791)	(5,811)
By-Product Credit	16,039	2,350
Accrued Reclamation Costs	863	474
Inventory Variations	9,607	49
Production Costs	\$ 40,554	\$ 14,052

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Nine months ended September 30, 2001

	Rochester -----	Silver Valley -----
Production of Silver (ounces)	4,473,629	3,201,098
Production of Gold (ounces)		
Cash Costs per ounce	\$ 3.31	\$ 4.64
Total Cash Costs (thousands)	\$ 14,808	\$ 14,853
Add/Subtract:		
Third Party Smelting Costs	(611)	(4,234)

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By-Product Credit	15,613	1,852
Accrued Reclamation Costs	1,087	488
Inventory Variations	1,689	(42)
	-----	-----
Production Costs	\$ 32,586	\$ 12,917
	=====	=====

Depreciation and amortization increased slightly in the first nine months of 2002 to \$8.1 million, from the prior year's first nine months, due to additional depletion taken at the Rochester, Galena and Cerro Bayo mines based on increased silver production.

Administrative and general expenses decreased in the first nine months of 2002 by \$0.9 million due to cost conservation measures implemented.

Exploration expense decreased in the first nine months of 2002 by \$2.8 million to \$2.4 million as a result of a concerted effort to conserve cash in the first nine months of 2002. These costs are expected to increase during the fourth quarter of 2002.

Interest expenses increased \$6.6 million in the first nine months of 2002 compared to 2001. Per the terms of the indenture, an additional \$7.6 million in interest was paid to the holders of \$40.0 million of the 13 3/8% Notes which converted to equity during the first nine months of 2002.

The loss on retirement of debt amounted to \$2.9 million for the nine months ending September 30, 2002, compared to a gain on retirement of debt of \$48.2 million in the same period in 2001. Refer to "Debt Reduction Program" discussion below for additional detail.

Net Income (Loss)

As a result of the above mentioned factors, the Company incurred a loss of \$35.1 million in the first nine months of 2002 compared to net income of \$15.2 million in the first nine months of 2001. The net loss attributable to common shareholders was \$0.51 per share for the first nine months of 2002, compared to net income per share of \$0.37 for the first nine months of 2001.

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Debt Reduction Program

During the first nine months of 2002 the Company repurchased \$13.8 million, \$0.8 million and \$1.3 million principal amount of its outstanding 6%, 6 3/8% and 7 1/4% Convertible Subordinated Debentures, respectively, in exchange for 17.6 million shares of common stock and recorded a loss of approximately \$2.9 million. In addition, holders of \$25.9 million and \$14.1 million principal amount of the Series I and Series II 13 3/8% Notes, respectively, voluntarily converted their Notes, in accordance with the terms of the indentures, into approximately 20.9 million and 12.1 million shares of common stock, respectively.

In May 2002, the Company issued \$21.5 million principal amount of Series II 13 3/8% Notes, for proceeds of \$13.9 million, net of discount of \$5.5 million and offering costs of approximately \$2.1 million.

During the 1st quarter of 2001, the Company repurchased \$5.0 million

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principal amount of its outstanding 7-1/4% Convertible Subordinated Debentures in exchange for 1,787,500 shares of common stock.

In three privately negotiated transactions completed in the second quarter of 2001, the Company repurchased in aggregate, \$11 million principal amount of its outstanding 7 1/4% Debentures in exchange for 4,257,618 shares of common stock. As a result of the transactions, the Company recorded an extraordinary gain in the second quarter ending June 30, 2001 of approximately \$5.8 million, net of deferred offering costs and taxes.

During the 3rd quarter of 2001, the Company issued a total of \$43.2 million principal amount of Series I 13 3/8% Notes in connection with an exchange offer extended to the holders of the Company's other outstanding convertible subordinated debentures.

During the 3rd quarter of 2001, \$1.3 million of the Series I 13 3/8% Notes were converted into approximately 1.2 million shares of common stock.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital; Cash and Cash Equivalents

The Company's working capital at September 30, 2002, increased by \$ 14.3 million to approximately \$32.0 million compared to \$17.7 million at December 31, 2001. The increase was primarily attributed to the retirement of \$23.2 million of the Company's 6% Debentures that matured on June 10, 2002. The ratio of current assets to current liabilities was 2.7 to 1.0 at September 30, 2002 compared to 1.4 to 1.0 at December 31, 2001.

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Net cash used in operating activities in the three months ended September 30, 2002 was \$2.3 million compared to net cash used in operating activities of \$9.8 million in the three months ended September 30, 2001. The improvement of \$7.5 million was the result of a reduction in inventories of \$4.9 million partially offset by increased receivables of \$1.8 million, lower exploration and general and administrative expenses of \$3.7 million and the payment of \$7.6 million of interest expenses with common stock. Net cash used in investing activities in the third quarter of 2002 was \$3.2 million compared to net cash used in investing activities of \$0.9 million in the prior year's comparable period. The increase in cash used in investing activities primarily resulted from an increase in capital expenditures of \$2.3 million. Net cash provided by financing activities was \$0.7 million in the third quarter of 2002, compared to \$2.6 million used in the third quarter of 2001. The decrease was primarily a result of \$0.9 million of proceeds received under the Company's working capital facility in 2002 compared to \$2.0 million of issue costs for the exchange offer in the third quarter of 2001. As a result of the above, cash and cash equivalents decreased by \$4.7 million in the third quarter of 2002 compared to a decrease of \$13.2 million for the comparable period in 2001.

Net cash used in operating activities in the nine months ended September 30, 2002 was \$7.7 million compared to \$25.7 million in the nine months ended September 30, 2001 primarily resulting from a decrease in current liabilities of \$10.1 million in the first nine months of 2001. Net cash used in investing activities in the 2002 period was \$5.0 million compared to net cash provided by investing activities of \$13.3 million in the prior year's comparable period. The decrease primarily resulted from the proceeds received in the prior year of \$14.7 million from the sale of the Company's 50% interest in Gasgoyne Gold Mines and offset in part by an increase in capital expenditures of \$2.7 million. Net cash provided by financing activities was \$5.2 million in the nine months of

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2002, compared to \$3.0 million used in the nine months of 2001. The increase was primarily a result of \$13.9 million from the proceeds received for the issuance of the Series II 13 3/8% Notes and proceeds received of \$0.9 million under the working capital facility, offset by the retirement of 6% Debentures due June 2002, of \$9.4 million. As a result of the above, cash and cash equivalents decreased by \$7.5 million in the nine months of 2002 compared to a decrease of \$15.4 million for the comparable period in 2001.

The Company has improved its working capital position since December 31, 2001 by extinguishing \$23.2 million of its 6% debentures due June 10, 2002, with (a) the proceeds from the issuance in May 2002 of the Series II 13 3/8% Notes due December 2003 and (b) exchanges of debt for Common Shares. The Company will continue to make debt reduction and/or restructuring one of its primary objectives during the next twelve months and believes its debt will

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be further reduced by additional conversions of 13 3/8% Notes into common equity during the remainder of this year and into next year. The use of cash in operations for the past nine months has decreased from prior periods as indicated above and the Company expects to see continued declines in cash costs of production at several of its major producing properties during the next year. At September 30, 2002, the Company had \$7.2 million of cash and approximately \$8.0 million available under its working capital facility. Management therefore believes that its existing and available cash and cash flow from operations will allow it to meet its obligations for the next twelve months.

Litigation and Other Events

Noranda Smelter Strike

On June 18, 2002, the Company received notification from Noranda that the employees working at its smelter in Quebec were on strike. This smelter is where Coeur Silver Valley sells essentially 100% of its concentrate. As of September 30, 2002 the employees were on strike, but Noranda had removed the "Force Majeure" under the terms of the Company's concentrate sales contract and have continued to purchase the concentrate sent to them by Coeur Silver Valley. Management believes that Noranda will continue to purchase all produced concentrate from Coeur Silver Valley. However, the Company would see a significant decrease in product sales from Coeur Silver Valley in the event that Noranda were to exercise its Force Majeure rights. In the third quarter the Company was able to sell 750 tons of concentrate in the spot market to an alternative buyer. In the event that Noranda exercised Force Majeure in the future, we would pursue alternative buyers.

Lawsuit to Recover Inventory

During the first quarter of 2000, Handy & Harman Refining Group, Inc. ("Handy & Harman"), to which the Rochester Mine had historically sent approximately 50% of its dore, filed for Chapter 11 bankruptcy. The Company had inventory at the refinery of approximately 67,000 ounces of silver and 5,000 ounces of gold that has been delivered to certain creditors of Handy & Harman. On February 27, 2001 the Company commenced a lawsuit against Handy & Harman and certain others in the U.S. Bankruptcy Court for the District of Connecticut seeking recovery of the metals and/or damages. Handy & Harman's Chapter 11 liquidation plan was confirmed by the Bankruptcy Court in August 2001 and on November 3, 2001, the Company received approximately \$294,000 from Handy & Harman as a partial payment under the plan. The liquidating custodian of Handy & Harman under the liquidation plan filed suit against the Company in March 2002 for the value of 100,000 ounces of silver (i.e., approximately \$500,000) as a preference based on the Company's draw-down of its silver held by Handy & Harman

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in mid-March 2000. Based on this more recent legal action, the Company

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has determined that the recovery of any additional amounts would be remote. As a result, the Company recorded a \$1.4 million write-down of the carrying amount in the fourth quarter of 2001. Management of the Company and legal counsel believe that the claims are without merit, and are vigorously defending the suit.

Baugh Class Action

On January 7, 2002, a private class action suit captioned Baugh vs. Asarco, et al., was filed in the Idaho District Court for the First District (Lawsuit No. 2002131) in Kootenai County, Idaho against the companies that have been defendants in the prior Bunker Hill and natural resources litigation in the Coeur d'Alene Basin, including the Company, by five families seeking medical benefits and property compensation from the mining companies involved in the Bunker Hill Superfund site. Damages for diminution in property value, trespass and nuisance were claimed. In addition, it was alleged that the court should make provision for medical monitoring and oversight of certain cleanup activities. On October 16, 2002 the court dismissed the complaint in response to motions by the defendants, with leave granted to the plaintiffs to amend their complaint within 60 days from the date of dismissal.