COEUR D ALENE MINES CORP
Form 10-K
February 21, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K
(Mark One)

| | |
|---|---|
| x | ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 |
| | For the fiscal year ended December 31, 2012 |
| OR | |
| o | TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 |
| | For the transition period from to |

Commission File Number 1-8641
COEUR D'ALENE MINES CORPORATION
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Idaho<br>(State or other jurisdiction of incorporation or organization) | 82-0109423<br>(I.R.S. Employer Identification No.) |
| 505 Front Ave., P. O. Box "I"<br>Coeur d'Alene, Idaho<br>(Address of principal executive offices) | 83816<br>(Zip Code) |

Registrant's telephone number, including area code: (208) 667-3511
Securities Registered pursuant to Section 12(b) of the Act:

| Title of each class | Name of each exchange on which registered |
|---|---|
| Common Stock, par value $0.01 per share | New York Stock Exchange/Toronto Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes ¨ No x
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

| | | | |
|---|---|---|---|
| Large accelerated filer x | Accelerated filer o | Non-accelerated filer o<br>(Do not check if a smaller reporting company) | Smaller reporting company o |

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.
$1,573,890,754
Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.
As of February 20, 2013, 90,434,354 shares of Common Stock, Par Value $0.01
DOCUMENTS INCORPORATED BY REFERENCE
Certain information called for by Part III of the Form 10-K is incorporated by reference from the registrant's definitive proxy statement for the 2013 Annual Meeting of Shareholders which will be filed pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report.

COEUR D'ALENE MINES CORPORATION

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# PART I

## Item 1. Business

## INTRODUCTION

Coeur d'Alene Mines Corporation (referred to separately as "Coeur" and referred to along with its subsidiaries as "the Company") is a large primary silver producer with growing gold production and has assets located in the United States, Mexico, Bolivia, Argentina and Australia. The Palmarejo mine, San Bartolomé mine, Kensington mine, and Rochester mine, each of which is operated by the Company, the Martha mine which ceased active mining operations in September 2012, and the Endeavor mine, which is operated by a non-affiliated party, constituted the Company's principal sources of mining revenues during 2012.

## OVERVIEW OF MINING PROPERTIES AND INTERESTS

The Company's most significant operating properties and interests are described below:

- Coeur owns 100% of Coeur Mexicana S.A. de C.V. ("Coeur Mexicana"), which operates the underground and surface Palmarejo silver and gold mine in Mexico. The Palmarejo mine began shipping silver/gold doré in April 2009. Palmarejo produced 8.2 million ounces of silver and 106,038 gold ounces in 2012. On January 21, 2009, the Company entered into a gold production royalty transaction with Franco-Nevada Corporation under which Franco-Nevada purchased a royalty covering 50% of the life of mine gold to be produced by Coeur from the Palmarejo mine. Royalty payments made beyond the minimum obligation of 400,000 ounces of gold are payable when the market price per ounce of gold is greater than $400.00. The Company controls a large land position around its existing operations.
- Coeur owns 100% of Empresa Minera Manquiri ("Manquiri") S.A., a Bolivian company that controls the mining rights for the San Bartolomé mine, which is a surface silver mine in Bolivia where Coeur commenced commercial production in June 2008. San Bartolomé produced 5.9 million ounces of silver during 2012.
- Coeur owns 100% of Coeur Alaska, Inc., which owns the Kensington mine, an underground gold mine located north of Juneau, Alaska. The Kensington mine began processing ore on June 24, 2010 and began commercial production on July 3, 2010. Kensington produced 82,125 ounces of gold in 2012.
- Coeur owns 100% of Coeur Rochester, Inc., which has operated the Rochester mine, a silver and gold surface mining operation located in northwestern Nevada, since 1986. The Company completed construction of a new leach pad and related infrastructure in the fourth quarter of 2011. Rochester produced 2.8 million ounces of silver and 38,066 ounces of gold in 2012.
- Coeur owns, directly or indirectly, 100% of Coeur Argentina S.R.L., which owns and operated the underground silver and gold Martha mine located in Santa Cruz, Argentina. Mining operations commenced at the Martha mine in June 2002 and the mine ceased active mining operations in September 2012. The Company recorded an impairment charge of $5.8 million in the twelve months ended December 31, 2012.
- In May 2005, the Company acquired, for $44.0 million, all of the silver production and reserves (up to 20.0 million payable ounces) contained at the Endeavor mine in New South Wales, Australia, which is owned and operated by Cobar Operations Pty. Limited, a wholly-owned subsidiary of CBH Resources Ltd. ("CBH"). The Endeavor mine is an underground zinc, lead and silver mine, which has been in production since 1983. Endeavor produced 0.7 million ounces of silver in 2012.
- The Joaquin silver and gold development project is located in the Santa Cruz province of southern Argentina. The Company commenced exploration of this large property located north of the Company's Martha silver mine in November 2007. Since that time the Company has defined silver and gold mineralization in two deposits at Joaquin, La Negra and La Morocha, and has recently commenced work on detailed drilling and other technical, economic and environmental programs which it expects will lead to completion of a feasibility study. On December 21, 2012, the Company completed its acquisition of the equity interests of Mirasol Argentina SRL in exchange for a total of approximately 1.3 million shares of Coeur common stock valued at $30.0 million, a total cash payment of approximately $30.0 million and assumption of liabilities of $0.1 million. Mirasol Argentina SRL holds the Joaquin silver-gold project in the Santa Cruz province of Argentina. Coeur previously held a 51% interest in the project. The transaction was accounted for as a purchase of assets and not as a business combination since Joaquin is considered to be in the development stage.

In August 2010, the Company sold its subsidiary Compañía Minera Cerro Bayo Ltda. (“Minera Cerro Bayo”), which controlled the Cerro Bayo mine in southern Chile, to Mandalay Resources Corporation (“Mandalay”). Under the terms of the agreement, Coeur received the following from Mandalay in exchange for all of the outstanding shares of Minera Cerro Bayo: (i) $6.0 million in cash; (ii) 17,857,143 common shares of Mandalay; (iii) 125,000 ounces of silver to be delivered in six equal quarterly installments commencing in the third quarter of 2011 which had an estimated fair value of $2.3 million; (iv) a 2.0% Net Smelter Royalty (NSR) on production from Minera Cerro Bayo in excess of a cumulative 50,000 ounces of gold and 5,000,000 ounces of silver which had an estimated fair value of $5.4 million; and (v) existing value added taxes of $3.5 million. As part of the transaction, Mandalay also agreed to pay $6 million of reclamation costs associated with Minera Cerro Bayo's nearby Furioso property. Any reclamation costs above that amount will be shared equally by Mandalay and Coeur. As a result of the sale, the Company realized a loss on the sale of approximately $2.1 million, net of income taxes. Results for the Cerro Bayo mine for the period prior to the sale are reflected in discontinued operations.

Coeur also has interests in other properties that are subject to silver or gold exploration activities upon which no minable ore reserves have yet been delineated.

## SILVER AND GOLD PRICES

The Company's operating results are substantially dependent upon the world market prices of silver and gold. The Company has no control over silver and gold prices, which can fluctuate widely. The volatility of such prices is illustrated by the following table, which sets forth the high and low prices of silver (as reported by Handy and Harman) and gold (PM fixing price as reported by the London Gold Market Fixing Limited) per ounce during the periods indicated:

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2012 | | 2011 | | 2010 | |
| | High | Low | High | Low | High | Low |
| Silver | $36.88 | $26.39 | $48.55 | $26.77 | $30.64 | $14.78 |
| Gold | $1,792 | $1,540 | $1,895 | $1,319 | $1,421 | $1,058 |

## MARKETING

All of the Company's mining operations produce silver and gold in doré form except for the Martha mine, which produced a concentrate that contained both silver and gold before mining operations ceased, the Kensington mine, which produces gold concentrate, and the Endeavor mine which produces a concentrate that contains silver.

The Company refines its precious metals doré and concentrates using a geographically diverse group of third party smelters and refiners, including clients located in Switzerland, Australia, Germany, China, and the United States (Valcambi, Nyrstar, Aurubis, China National Gold, Sumitomo, Republic Metals Corporation, and Johnson Matthey).

The Company markets its doré to credit worthy bullion trading houses, market makers and members of the London Bullion Market Association, industrial companies and sound financial institutions. The refined metals are sold to end users for use in electronic circuitry, jewelry, silverware, and the pharmaceutical and technology industries. The Company currently has seven trading counterparties (International Commodities, Mitsui, Mitsubishi, Standard Bank, Valcambi, TD Securities, and Auramet) and the sales of metals to these companies amounted to approximately 91%, 82% and 83% of total metal sales in 2012, 2011 and 2010, respectively. Generally, the loss of a single bullion trading counterparty would not adversely affect the Company due to the liquidity of the markets and the availability of alternative trading counterparties.

Sales of silver and gold concentrates to third party smelters (Nyrstar, Aurubis, Auramet, Sumitomo, and China National Gold) amounted to approximately 9%, 18% and 17% of total metal sales for the years ended December 31, 2012, 2011 and 2010, respectively. The loss of any one smelting and refining client may have a material adverse effect if alternate smelters and refiners are not available. The Company believes there is sufficient global capacity available to address the loss of any one smelter.

## HEDGING ACTIVITES

The Company's strategy is to provide shareholders with leverage to changes in silver and gold prices by selling silver and gold production at market prices. The Company has entered into derivative contracts to protect the selling price for certain anticipated gold production and to manage risks associated with foreign currencies. For additional information see "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" and Note 19 - Derivative Financial Instruments in the notes to the consolidated financial statements.

## GOVERNMENT REGULATION

### General

The Company’s activities are subject to extensive federal, state and local laws governing the protection of the environment, prospecting, development, production, taxes, labor standards, occupational health, mine safety, toxic substances and other matters. The costs associated with compliance with such regulatory requirements are substantial and possible future legislation and

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regulations could cause additional expense, capital expenditures, restrictions and delays in the development and continued operation of the Company's properties, the extent of which cannot be predicted. In the context of environmental permitting, including the approval of reclamation plans, the Company must comply with known standards and regulations which may entail significant costs and delays. Although the Company has been recognized for its commitment to environmental responsibility and believes it is in substantial compliance with applicable laws and regulations, amendments to current laws and regulations, more stringent application or interpretation of these laws and regulations through judicial review or administrative action or the adoption of new laws could have a materially adverse effect upon the Company and its results of operations.

Estimated future reclamation costs are based primarily on legal and regulatory requirements. As of December 31, 2012, $34.5 million was accrued for reclamation costs relating to currently developed and producing properties. The Company is also involved in several matters concerning environmental obligations associated with former mining activities. Based upon the Company's best estimate of its liabilities for these items, $0.9 million was accrued as of December 31, 2012. These amounts are included in reclamation and mine closure liabilities on the consolidated balance sheet.

Federal Environmental Laws

Certain mining wastes from extraction and beneficiation of ores are currently exempt from the extensive set of Environmental Protection Agency ("EPA") regulations governing hazardous waste, although such wastes may be subject to regulation under state law as a solid or hazardous waste. While the EPA has worked on a program to regulate these mining wastes pursuant to its solid waste management authority under the Resource Conservation and Recovery Act ("RCRA"), certain ore processing and other wastes are currently regulated as hazardous wastes by the EPA under RCRA. If the Company's mine wastes were treated as hazardous waste or such wastes resulted in operations being designated as a "Superfund" site under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") for cleanup, material expenditures could be required for the construction of additional waste disposal facilities, for other remediation expenditures, or for natural resource damages. Under CERCLA, any present owner or operator of a Superfund site or an owner or operator at the time of its contamination generally may be held liable and may be forced to undertake remedial cleanup action or to pay for the government's cleanup efforts. Such owner or operator may also be liable to governmental entities for the cost of damages to natural resources, which may be substantial. Additional regulations or requirements may also be imposed upon the Company's tailings and waste disposal in Alaska under the Clean Water Act ("CWA") and state law counterparts, and in Nevada under the Nevada Water Pollution Control Law which implements the CWA. Air emissions are subject to controls under Nevada's and Alaska's air pollution statutes implementing the Clean Air Act. The Company has reviewed and considered current federal legislation relating to climate change and does not believe it to have a material effect on its operations. Additional regulation or requirements under any of these laws and regulations could have a materially adverse effect upon the Company and its results of operations.

Proposed Mining Legislation

A portion of the Company's U.S. mining properties are on unpatented mining claims on federal lands. See "Item 1A. Risk Factors - Third parties may dispute the Company's unpatented mining claims, which could result in the discovery of defective titles and losses affecting its business" and Note 23 - Litigation and Other Events in the notes to the consolidated financial statements. Legislation has been introduced regularly in the U.S. Congress over the last decade to change the Mining Law of 1872 as amended, under which the Company holds these unpatented mining claims. It is possible that the Mining Law may be amended or replaced by less favorable legislation in the future. Previously proposed legislation contained a production royalty obligation, new environmental standards and conditions, additional reclamation requirements and extensive new procedural steps which would likely result in delays in permitting. The ultimate content of future proposed legislation, if enacted, is uncertain. If a royalty on unpatented mining claims were imposed, the Company's U.S. operations could be adversely affected. In addition, the Forest Service and the Bureau of Land Management have considered revising regulations governing operations under the Mining Law on federal lands they administer, which, if implemented, may result in additional procedures and environmental conditions and standards on those lands. The majority of the Company's operations are either outside of the United States or on private patented lands and would be unaffected by potential legislation.

Any such reform of the Mining Law or Bureau of Land Management and Forest Service regulations thereunder could increase the costs of mining activities on unpatented mining claims, or could materially impair the ability of the Company to develop or continue operations which derive ore from federal lands, and as a result could have an adverse effect on the Company and its results of operations. Until such time, if any, as new reform legislation or regulations are enacted, the ultimate effects and costs of compliance on the Company cannot be estimated.

Foreign Government Regulations

The mining properties of the Company that are located in Argentina are subject to various government laws and regulations pertaining to the protection of the air, surface water, ground water and the environment in general, as well as the health of the work force, labor standards and the socio-economic impacts of mining facilities upon the communities. The Company believes it is in substantial compliance with all applicable laws and regulations to which it is subject in Argentina.

Bolivia, where the San Bartolomé mine is located, and Mexico, where the Palmarejo mine is located, have both adopted laws and guidelines for environmental permitting that are similar to those in effect in the United States and other South American countries. The permitting process requires a thorough study to determine the baseline condition of the mining site and surrounding area, an environmental impact analysis, and proposed mitigation measures to minimize and offset the environmental impact of mining operations. The Company has received all permits required to operate the San Bartolomé and Palmarejo mines.

The Company does not directly hold any interest in mining properties in Australia. However, under the Silver Sale Agreement with CBH Resources Limited (“CBH”), the Company has purchased CBH’s silver reserves and resources in the ground at the Endeavor mine. CBH is responsible for the mining operation and compliance with government regulations and the Company is not responsible for compliance. The Company is however at risk for any production stoppages resulting from non-compliance. CBH’s mining property is subject to a range of state and federal government laws and regulations pertaining to the protection of the air, surface water, ground water, noise, site rehabilitation and the environment in general, as well as the occupational health and safety of the work force, labor standards and the socio-economic impacts of mining facilities among local communities. In addition, the various federal and state native title laws and regulations recognize and protect the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters and may restrict mining and exploration activity and/or result in additional costs. CBH is required to deal with a number of governmental departments in connection with the development and exploitation of its mining property. The Company is not aware of any substantial non-compliance with applicable laws and regulations to which CBH is subject in Australia.

Maintenance of Claims

Bolivia

The Bolivian state-owned mining organization, Corporación Minera de Bolivia (“COMIBOL”), is the underlying owner of all of the mining rights relating to the San Bartolomé mine. COMIBOL’s ownership derives from the Supreme Decree 3196 issued in October 1952, when the government nationalized most of the mines in Potosí. COMIBOL has leased the mining rights for the surface silver and tin bearing sediment ("pallacos", "sucus", and "troceras") to several Potosí cooperatives. The cooperatives in turn have subleased their mining rights to Coeur’s subsidiary, Manquiri, through a series of “joint venture” contracts. In addition to those agreements with the cooperatives Manquiri holds additional mining rights under lease agreements directly with COMIBOL. All of Manquiri’s mining and surface rights collectively constitute the San Bartolomé project. For additional information regarding the maintenance of its claims to the San Bartolomé mine, see "Item 2. Properties — Silver and Gold Mining Properties — Bolivia-San Bartolomé."

Mexico

In order to carry out mining activities in Mexico, the Company is required to obtain a mining concession from the General Bureau of Mining which belongs to the Ministry of Economy (Secretaría de Economía) of the Federal Government, or be assigned previously granted concession rights, and both must be recorded with the Public Registry of Mining. In addition, mining works may have to be authorized by other authorities when performed in certain areas, including villages, dams, channels, general communications ways, submarine shelves of islands, islets and reefs, marine beds and subsoil and federal maritime-terrestrial zones. Reports have to be filed with the General Bureau of Mining in May of each year evidencing previous calendar year mining works. Generally nominal biannual mining duties are payable in January and July of each year, and failure to pay these duties could lead to cancellation of the concessions. Upon expiration or cancellation of the concession, certain obligations remain, including obligations to file technical reports and not to withdraw permanent works of fortification.

United States

At mining properties in the United States, including the Rochester and Kensington mines, operations are conducted upon both patented and unpatented mining claims. Pursuant to applicable federal law it is necessary to pay to the Secretary of the Interior, on or before August 31 of each year, a claim maintenance fee of $140 per claim. This claim maintenance fee is in lieu of the assessment work requirement contained in the Mining Law. In addition, in Nevada, holders of unpatented mining claims are required to pay the county recorder of the county in which the claim is situated an annual fee of $8.50 per claim. For unpatented claims in Alaska, the Company is required to pay a variable, annual rental fee based on the age of the claim and must perform annual labor or make an annual payment in lieu of annual labor. No maintenance fees are payable for federal patented claims. Patented claims are similar to land held by an owner who is entitled to the entire interest in the property with unconditional power of disposition and are subject to local property taxes. See "Item 1A. Risk Factors - Third parties may dispute the Company's unpatented mining claims, which could result in the discovery of defective titles and losses affecting its business".

Argentina

Minerals are owned by the provincial governments, which impose a maximum 3% mine-mouth royalty on mineral production. The first step in acquiring mining rights is filing an exploration concession ("Cateo"), which gives exclusive prospecting rights for the requested area for a period of time, generally up to three years. The maximum size of each Cateo is 10,000 hectares; a maximum of 20 Cateos, or 200,000 hectares, can be held by a single entity (individual or company) in any one province.

The holder of a Cateo has exclusive right to establish a discovery concession "(Manifestacion de Descubrimiento" or “MD”) on that Cateo, but MDs can also be set without a Cateo on any land not covered by someone else’s Cateo. MDs are filed as either a vein or disseminated discovery. A square protection zone can be declared around the discovery — up to 840 hectares for a vein MD or up to 7,000 hectares for a disseminated MD. The protection zone grants the discoverer exclusive rights for an indefinite period, during which the discoverer must provide an annual report presenting a program of exploration work and investments related to the protection zone. A MD can later be upgraded to an exploitation concession ("Concesion de Explotacion or "Mina"), which gives the holder the right to begin commercial extraction of minerals.

Australia

At the Endeavor mining property in Australia operated by CBH, operations are conducted on designated mining leases issued by the relevant state government mining department. Mining leases are issued for a specific term and include a range of environmental and other conditions including the payment of production royalties, annual lease fees and the use of cash or a bank guarantee as security for reclamation liabilities. The amounts required to be paid to secure reclamation liabilities are determined on a case by case basis. In addition, CBH holds a range of exploration titles and permits, which are also issued by the respective state government mining departments for specified terms and require payment of annual fees and completion of designated expenditure programs on the leases to maintain title. In Australia, minerals in the ground are owned by the state until severed from the ground through mining operations.

Chile

The State of the Republic of Chile recognizes the free availability for concession purposes of all mineral substances, both metal and non-metal, with the exception of liquid or gaseous hydrocarbons. Mining concessions are always established by the court with no decision-making action by any other authority, avoiding in this way the discretionary interference of administrative authorities. Preference for establishing a concession is given to the first person to submit the necessary application to the court. Any Chilean or foreign person may establish and acquire mining concessions. The holder's title to the mining concession is protected by the constitutional (warrant) guarantee of proprietary rights. Chilean legislation provides for two kinds of concessions: (i) the exploration concession, which remains in effect for 2 years and may be extended for another 2 year period, provided at least half the area thereof is surrendered; and (ii) the exploitation concession which is perpetual. In order to maintain the exploration and exploitation concession, an annual tax is payable to the government before March 31 of each year in the approximate amount of $1.60 and $8.00 per hectare, respectively. As of December 31, 2012, the Company held exploration concessions on two properties in Chile, totaling 8,918 square miles (4,664 hectares).

EMPLOYEES

The number of full-time employees at the Company as of December 31, 2012 was:

| | |
|---|---|
| U.S. Corporate Staff and Office | 68 |
| Rochester Mine | 250 |
| Kensington Mine | 306 |
| South American Administrative Offices | 16 |
| South American Exploration | 12 |
| Martha Mine/Argentina | 17 |
| San Bartolomé Mine/Bolivia[1] | 341 |
| Palmarejo Mine/Mexico | 888 |
| Total | 1,898 |

(1) The Company maintains a labor agreement in South America with Sindicato de Trabajadorés Mineras de la Empresa Manquiri S.A. at the San Bartolomé mine in Bolivia. The San Bartolomé mine labor agreement, which became effective January 28, 2010, does not have a fixed term. As of December 31, 2012, approximately 10.0% of the Company’s worldwide labor force was covered by collective bargaining agreements.

EXPLORATION STAGE MINING PROPERTIES

The Company, either directly or through wholly-owned subsidiaries, has interests in properties located in the United States, Chile, Argentina, Bolivia, and Mexico but upon which no minable ore reserves have yet been delineated. Exploration conducted on these properties is included in the Company's total annual exploration programs.

BUSINESS STRATEGY AND COMPETITIVE STRENGTHS

The Company believes the following strengths provide it with significant competitive advantages as mangement executes its business strategy:

Strong track record of developing and operating mines: The Company has successfully acquired, developed and operated a strong portfolio of operating mines since its founding in 1928. The Company is a large primary silver producer with growing gold production. For the twelve months ended December 31, 2012, it produced 18.0 million ounces of silver and 226,486 ounces of gold with a cash cost of $7.57 per ounce of silver and $1,358 per ounce of gold. Production has grown substantially over the last four years as the Company has built and begun production at three wholly-owned, long lived mines: the San Bartolomé mine, the Palmarejo mine and the Kensington mine. In addition, production commenced late in 2011 from a new leach pad at its Rochester mine.

Silver Production Gold Production

Operating and commodity diversity: The Company produces silver and gold from five operating mines located in four countries. The Company's operating assets consist of the Palmarejo silver and gold mine in Mexico, the San Bartolomé silver mine in Bolivia, the Kensington gold mine in Alaska, the Rochester silver and gold mine in Nevada and the Endeavor silver and base metal mine in Australia. The Company also owns the Joaquin silver and gold development project in Argentina. The Company expects to increase its operating and commodity diversity as the Kensington mine and the Rochester mine ramp up to their design capacity. The Company's metal sales breakdown by operating mine and metal is set out below:

2012 Gold Sales by Mine 2012 Silver Sales by Mine

Experienced management team: The Company has built a high caliber management team of devoted professionals with extensive mining industry expertise. President and Chief Executive Officer, Mitchell Krebs, and Senior Vice President, Chief Operating Officer and Chief Financial Officer, Frank Hanagarne, have significant experience in the mining industry. The board of directors also brings diverse industry backgrounds and considerable professional experience to the Company.

Capitalizing on Prior Development Program: Over the past four years the Company has invested significant capital in commissioning three large mines at the San Bartolomé, Palmarejo and Kensington properties, realizing the first full year of production in 2011 from these mines. With the large majority of the development capital spending complete at these mines, capital expenditures declined materially in 2012 to $115.6 million, from an average of $164.7 million per annum over the prior three years. The growth generated by these mines is resulting in significantly higher production, metal sales and free cash flow in continued strong metals markets.

The Palmarejo mine, San Bartolomé mine, Kensington mine, and Rochester mine, each operated by the Company, the Martha mine, which ceased active mining operations in September 2012, and the Endeavor mine, operated by a non-affiliated party, constituted the Company's principal sources of mining revenues in 2012. See Note 22- Segment Reporting in the notes to the Consolidated Financial Statements, under the heading "Geographical Information", for revenues attributed to all foreign countries. The following table sets forth information regarding the percentage contribution to the Company's total revenues (i.e., revenues from the sale of concentrates and doré) by the sources of those revenues during the past five years, excluding discontinued operations:

| Mine/Company | Coeur Percentage Ownership at December 31, 2012 | Percentage of Total Revenues(2) For The Years Ended December 31, 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|---|
| Palmarejo Mine | 100 % | 49 % | 50 % | 45 % | 30 % | — % |
| San Bartolomé Mine | 100 % | 20 | 26 | 28 | 38 | 14 |
| Kensington Mine | 100 % | 12 | 15 | 4 | — | — |
| Rochester Mine | 100 % | 15 | 6 | 11 | 15 | 52 |
| Martha Mine | 100 % | 2 | 1 | 10 | 15 | 24 |
| Endeavor Mine(1) | 100 % | 2 | 2 | 2 | 2 | 10 |
| | | 100 % | 100 % | 100 % | 100 % | 100 % |

(1) Ownership interest reflects the Company's ownership interest in the property's silver production. Other constituent metals are owned by a non-affiliated entity.

(2) Effective August 9, 2010, the Company sold its interest in the Cerro Bayo mine to Mandalay Resources Corporation.

DEFINITIONS

The following sets forth definitions of certain important mining terms used in this report.

"Ag" is the abbreviation for silver.

"Au" is the abbreviation for gold.

"Backfill" is primarily waste sand or rock used to support the roof or walls after removal of ore from a stope.

"By-Product" is a secondary metal or mineral product recovered in the milling process, such as gold.

"Cash Costs" are costs directly related to the physical activities of producing silver and gold, and include mining, processing, transportation and other plant costs, third-party refining and smelting costs, marketing expense, on-site general and administrative costs, royalties and in-mine drilling expenditures that are related to production and other direct costs. Sales of by-product metals, including gold, are deducted from the above in computing cash costs per ounce. 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. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Reconciliation of Non-GAAP Cash Costs to GAAP Production Costs."

"Cash Costs per Ounce" are calculated by dividing the cash costs computed for each of the Company's mining properties for a specific 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 U.S. dollar per ounce basis. By calculating the cash costs from each of the Company's mines on the same unit basis, management can determine the gross margin that each ounce of gold and silver produced is generating. While this represents a key indicator of the performance of the Company's mining properties you are cautioned not to place undue reliance on this single measurement. To fully evaluate a mine's performance, management also monitors U.S. Generally Accepted Accounting Principles ("U.S. GAAP") based profit/(loss), depreciation and amortization expenses and capital expenditures for each mine as presented in Note 22 — Segment Reporting in the notes to the Consolidated Financial Statements. Total cash costs per ounce is a non-GAAP measurement and investors are cautioned not to place undue reliance on it and are urged to read all GAAP accounting disclosures presented in the consolidated financial statements and accompanying footnotes. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Reconciliation of Non-GAAP Cash Costs to GAAP Production Costs."

“Concentrate” is a very fine powder-like product containing the valuable metal from which most of the waste material in the ore has been eliminated.

“Contained Ounces” represents ounces in the ground before reduction of ounces not able to be recovered by applicable metallurgical process.

“Cutoff Grade” is the minimum metal at which an ore body can be economically mined; used in the calculation of reserves in a given deposit.
“Cyanidation” is a method of extracting gold or silver by dissolving it in a weak solution of sodium or potassium cyanide.
“Development” is work carried out for the purpose of accessing a mineral deposit. In an underground mine that includes shaft sinking, crosscutting, drifting and raising. In an open pit mine, development includes the removal of over burden.
“Dilution” is an estimate of the amount of waste or low-grade mineralized rock which will be mined with the ore as part of normal mining practices in extracting an ore body.
“Doré” is unrefined gold and silver bullion bars which contain gold, silver and minor amounts of impurities which will be further refined to almost pure metal.
“Drilling”
Core drilling:  process of obtaining cylindrical rock samples by means of an annular-shaped rock-cutting bits (diamond impregnated) rotated by a bore-hole drilling machine. The core samples are used for geological study and chemical analysis used in mineral exploration.
In-fill:  is any method of drilling intervals between existing holes, used to provide greater geological detail and to help establish reserve estimates.
Reverse circulation:  a method of drilling, often used in mineral exploration, that produces fragmented samples of rock collected by a rotary, percussion drilling machine.
“Exploration” is prospecting, sampling, mapping, drilling and other work involved in searching for ore.
“Gold” is a metallic element with minimum fineness of 999 parts per 1000 parts pure gold.
“Grade” is the amount of metal in each ton of ore, expressed as troy ounces per ton or grams per tonne for precious metals.
"g/t Ag" are grams of gold per metric ton (tonne) of rock. A tonne is equal to 1.1023 short tons, or 2,205 pounds.
"g/t Au" are grams of silver per metric ton (tonne) of rock. A tonne is equal to 1.1023 short tons, or 2,205 pounds.
“Heap Leach Pad” is a large impermeable foundation or pad used as a base for ore during heap leaching.
“Heap Leaching Process” is a process of extracting gold and silver by placing broken ore on an impermeable pad and applying a diluted cyanide solution that dissolves a portion of the contained gold and silver, which are then recovered in metallurgical processes.
“Hectare” is a metric unit of area equal to 10,000 square meters (2.471 acres).
“Mill” is a processing facility where ore is finely ground and thereafter undergoes physical or chemical treatments to extract the valuable metals.
“Mill-Lead Grades” are metal content of mined ore going into a mill for processing.
“Mineralized Material” is gold and silver bearing material that has been physically delineated by one or more of a number of methods, including drilling, underground work, surface trenching and other types of sampling. This material has been found to contain a sufficient amount of mineralization of an average grade of metal or metals to have economic potential that warrants further exploration evaluation. While this material is not currently or may never be classified as ore reserves, it is reported as mineralized material only if the potential exists for reclassification into the reserves category. This material cannot be classified in the reserves category until final technical, economic and legal factors have been determined. Under the United States Securities and Exchange Commission’s standards, a mineral deposit does not qualify as a reserve unless it can be economically and legally extracted at the time of reserve determination and it constitutes a proven or probable reserve (as defined below). In accordance with Securities and Exchange Commission guidelines, mineralized material reported in the Company’s Form 10-K does not include material that would be classified as inferred.
“Mining Rate” tons of ore mined per day or even specified time period.
“Non-cash Costs” are costs that are typically accounted for ratably over the life of an operation and include depreciation, depletion and amortization of capital assets, accruals for the costs of final reclamation and long-term monitoring and care that are usually incurred at the end of mine life, and the amortization of the cost of property acquisitions.
“Open Pit” is a mine where the minerals are mined entirely from the surface.

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"Operating Cash Costs Per Ounce" are cash costs per ounce minus production taxes and royalties.
"Ore" is rock, generally containing metallic or non-metallic minerals, which can be mined and processed at a profit.
"Ore Body" is a sufficiently large amount of ore that can be mined economically.
"Ore Reserve" or "Reserve" is that part of a mineral deposit that could be economically and legally extracted or produced at the time of the reserve determination. Mining dilution and recovery, where appropriate, has been factored into the estimation of ore reserves.
"Probable (Indicated) Reserves" are reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven (measured) reserves, is high enough to assume continuity between points of observation.
"Proven (Measured) Reserves" are reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings, or drill holes; grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling, and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth , and mineral content of reserves are well-established.
"Reclamation" is the process by which lands disturbed as a result of mining activity are modified to support beneficial land use. Reclamation activity may include the removal of buildings, equipment, machinery and other physical remnants of mining, closure of tailings, leach pads and other features, and contouring, covering and re-vegetation of waste rock and other disturbed areas.
"Recovery Rate" is a term used in process metallurgy to indicate the proportion of valuable material physically recovered in the processing of ore. It is generally stated as a percentage of material recovered compared to the material originally present.
"Refining" is the final stage of metal production in which impurities are removed from the molten metal.
"Run-of-mine Ore" is mined ore which has not been subjected to any pretreatment, such as washing, sorting or crushing prior to processing.
"Silver" is a metallic element with minimum fineness of 995 parts per 1000 parts pure silver.
"Stripping Ratio" is the ratio of the number of tons of waste material to the number of tons of ore extracted at an open-pit mine.
"Tailings" is the material that remains after all economically and technically recovered precious metals have been removed from the ore during processing.
"Ton" means a short ton which is equivalent to 2,000 pounds, unless otherwise specified.
"Total costs" are the sum of cash costs and non-cash costs.

## IMPORTANT FACTORS RELATING TO FORWARD-LOOKING STATEMENTS

This report contains numerous forward-looking statements relating to the Company's gold and silver mining business, including estimated production data, expected operating schedules, expected capital costs and other operating data, the expected impact of pending litigation 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," "conten "anticipates" or similar words. Actual production, operating schedules, results of operations, ore reserve and resources 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 Item 1A, (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 the Company's production, exploratory and developmental activities, including risks relating to permitting and regulatory delays and disputed mining claims, (v) any future labor disputes or work stoppages, (vi) the uncertainties inherent in the estimation of gold and silver ore reserves, (vii) changes that could result from the Company's future acquisition of new mining properties or businesses, (viii) reliance on third parties to operate certain mines where the Company owns silver production and reserves, (ix) the loss of any third-party smelter to which the Company markets silver and gold, (x) the effects of environmental and other governmental regulations, (xi) the risks inherent in the ownership or operation of or investment in mining properties or businesses in foreign countries, (xii) the worldwide economic downturn and difficult conditions in the global capital and credit markets, and

(xiii) the Company’s ability to raise additional financing necessary to conduct its business, make payments or refinance its debt. 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.

AVAILABLE INFORMATION

The Company maintains an internet website at http://www.coeur.com. Coeur makes available, free of charge, on or through its website, its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and Proxy Statements, as well as Forms 3, 4 and 5 with respect to its common stock, as soon as reasonably practicable after such reports are electronically filed with the Securities and Exchange Commission (the "SEC"). Copies of Coeur's Corporate Governance Guidelines, charters of the key committees of the Board of Directors (Audit, Compensation, Nominating and Corporate Governance, and Environmental, Health, Safety, and Social Responsibility Committees) and its Code of Business Conduct and Ethics for Directors, Officers and Employees, applicable to the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, are available at the Company's website http://www.coeur.com. Information contained on the Company's website is not a part of this report.

Item 1A. Risk Factors

The Company's results of operations, cash flows and operating costs are highly dependent upon the market prices of silver and gold and other commodities, which are volatile and beyond the Company's control. The Company's use of derivative contracts to protect against such volatility exposes us to risk of opportunity loss, mark-to-market accounting adjustments and exposure to counterparty credit risk.

Silver and gold are commodities, and their prices are volatile. During the last twelve months ended December 31, 2012, the price of silver ranged from a low of $26.39 per ounce to a high of $36.88 per ounce, and the price of gold ranged from a low of $1,540 per ounce to a high of $1,792 per ounce. During the fourth quarter of 2012, the price of silver ranged from a low of $29.73 per ounce to a high of $34.89 per ounce, and the price of gold ranged from a low of $1,651 per ounce to a high of $1,792 per ounce. The closing market prices of silver and gold on February 20, 2013 were $28.57 per ounce and $1,565 per ounce, respectively.

Silver and gold prices are affected by many factors beyond the Company's control, including prevailing interest rates and returns on other asset classes, 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. In addition, Exchange Traded Funds ("ETFs"), which have substantially facilitated the ability of large and small investors to buy and sell precious metals, have become significant holders of gold and silver.

Because the Company derives all of its revenues from sales of silver and gold, its results of operations and cash flows will fluctuate as the prices of these metals increase or decrease. A sustained period of declining gold and silver prices would materially and adversely affect the results of operations and cash flows. Factors that are generally understood to contribute to a decline in the prices of silver and gold include a strengthening of the U.S. dollar, net outflows from gold and silver ETFs, bullion sales by private and government holders and a general global economic slowdown.

In addition, operating costs at the Company's mines are affected by the price of input commodities, such as fuel, electricity, labor, chemical reagents, explosives, steel and concrete. Prices for these input commodities are volatile and can fluctuate due to conditions that are difficult to predict, including global competition for resources, currency fluctuations, consumer or industrial demand and other factors. Continued volatility in the prices of commodities and other supplies the Company purchases could lead to higher costs, which would adversely affect results of operations and cash flows.

From time to time, the Company may enter into price risk management contracts to protect against fluctuations in the price of its products and changes in the price of fuel and other input costs. These contracts could include forward sales or purchase contracts, futures contracts, purchased or sold put and call options and other contracts. Any such use of forward or futures contracts can expose us to risk of an opportunity loss. The use of derivative contracts may also result in significant mark-to-market accounting adjustments, which may have a material adverse impact on reported financial results. The Company is exposed to credit risk with contract counter-parties, including, but not limited to, sales contracts and derivative contracts. In the event of non-performance in connection with a contract, the Company could be exposed to a loss of value for that contract.

Since the beginning of 2011, the Company has made strategic minority investments in eight silver and gold development companies in North and South America. The value of these investments depends significantly on the market prices of silver and gold. The Company cannot assure that the value of these investments, or the value of future investments it may make in other development companies, will not decline. Declines in the value of these investments could adversely affect the Company's financial condition.

A substantial decline in gold and silver prices could cause one or more of the Company's mining properties to become unprofitable, which could require it to record write-downs of long-lived assets that would adversely affect results of operations and financial condition.

Established accounting standards for impairment of the value of long-lived assets such as mining properties requires the Company to review the recoverability of the cost of its assets upon a triggering event by estimating the future undiscounted cash flows expected to result from the use and eventual disposition of the asset. Impairment, measured by comparing an asset's carrying value to its fair value, must be recognized when the carrying value of the asset exceeds these cash flows. A significant and sustained decline in silver or gold prices, or our failure to control production costs or realize the minable ore reserves at the Company's mining properties, could lead it to terminate or suspend mining operations at one or more of its properties and require a write down of the carrying value of the assets. Any such actions would negatively affect results of operations and financial condition.

The Company may record other types of additional mining property charges in the future if it sells a property for a price less than its carrying value or has to increase reclamation liabilities in connection with the closure and reclamation of a property. Any such additional write-downs of mining properties could adversely affect results of operations and financial condition.

The Company is an international company and is exposed to political and social risks in the countries in which it has significant operations or interests.

A majority of the Company's revenues are generated by operations outside the United States, and it is subject to significant risks inherent in resource extraction by foreign companies and contracts with government owned entities. Exploration, development, production and closure activities in many countries are potentially subject to heightened political and social risks that are beyond the Company's control. These risks include the possible unilateral cancellation or forced re-negotiation of contracts, unfavorable changes in foreign laws and regulations, royalty and tax increases, claims by governmental entities or indigenous communities, expropriation or nationalization of property and other risks arising out of foreign sovereignty over areas in which operations are conducted. The right to export silver and gold may depend on obtaining certain licenses and quotas, which could be delayed or denied at the discretion of the relevant regulatory authorities. In addition, the Company's rights under local law may be less secure in countries where judicial systems are susceptible to manipulation and intimidation by government agencies, non-governmental organizations or civic groups.

Any of these developments could require the Company to curtail or terminate operations at its mines, incur significant costs to meet newly-imposed environmental or other standards, pay greater royalties or higher prices for labor or services and recognize higher taxes, which could materially and adversely affect financial condition, results of operations and cash flows.

These risks may be higher in developing countries in which the Company may expand its exploration for and development of mineral deposits. Potential operations in these areas increase the Company's exposure to risks of war, local economic conditions, political disruption, civil disturbance and governmental policies that may disrupt its operations.

The Company's operations outside the United States also expose it to economic and operational risks.

The Company's operations outside the United States also expose it to economic and operational risks. Local economic conditions can cause shortages of skilled workers and supplies, increase costs and adversely affect the security of operations. In addition, higher incidences of criminal activity and violence in the area of some of the Company's foreign operations, including drug-cartel related violence in Mexico, could adversely affect the Company's ability to operate in an optimal fashion and may impose greater risks of theft and greater risks as to property security. These conditions could lead to lower productivity and higher costs, which would adversely affect results of operations and cash flows. The Company sells gold and silver doré in U.S. dollars, but it conducts operations outside the United States in local currency. Currency exchange movements could adversely affect results of operations.

Silver and gold mining involves significant production and operational risks.

Silver and gold mining involves significant production and operational risks, including those related to uncertain mineral exploration success, unexpected geological or mining conditions, the difficulty of development of new deposits, unfavorable climate conditions, equipment or service failures, current unavailability of or delays in installing and commissioning plants and equipment, import or customs delays and other general operating risks.

Commencement of mining can reveal mineralization or geologic formations, including higher than expected content of other minerals that can be difficult to separate from silver, which can result in unexpectedly low recovery rates. Problems also may 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 could result in the failure to achieve expected target dates for exploration, or could cause production activities to require greater capital expenditure to achieve expected recoveries.

Many of these production and operational risks are beyond the Company's control. Delays in commencing successful mining activities at new or expanded mines, disruptions in production and low recovery rates could have adverse effects on the Company's financial condition, results of operations and cash flows.

The estimation of ore reserves is imprecise and depends upon subjective factors. Estimated ore reserves may not be realized in actual production. The Company's results of operations and financial position may be negatively affected by inaccurate estimates.

The ore reserve figures presented in the Company's public filings are estimates made by the Company's technical personnel and by independent mining consultants contracted by it. Reserve estimates are a function of geological and engineering analyses that require the Company to make assumptions about production costs, recoveries and silver and gold market prices. Reserve estimation is an imprecise and subjective process. 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 the Company 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 the Company encounter mineralization or geologic formations at any of its mines or projects different from those predicted, it may adjust its reserve estimates and alter its mining plans. Either of these alternatives may adversely affect actual production and financial condition, results of operations and cash flows.

Forward sales and royalty arrangements can result in limiting the Company's ability to take advantage of increased metal prices while increasing its exposure to lower metal prices.

The Company has in the past entered into, and may in the future enter into, arrangements under which it has agreed to make royalty or similar payments to lenders in amounts that are based on expected production and price levels for gold or silver. The Company enters into such arrangements when it concludes that they provide it with necessary capital to develop a specific mining property on favorable terms. Royalty or similar payment obligations, however, can limit the Company's ability to realize the full effects of rising gold or silver prices and require the Company to make potentially significant cash payments if the mine fails to achieve specified minimum production levels.

The Company's future operating performance may not generate cash flows sufficient to meet debt payment obligations.

As of December 31, 2012, the Company had a total of approximately $121.4 million of outstanding indebtedness, which includes $61.9 million for future estimated gold production royalty payments due to Franco-Nevada Corporation, $48.1 million of 3.25% Convertible Senior Notes due 2028 (the “3.25% Convertible Senior Notes”) and capital lease obligations of $11.4 million. The liabilities associated with such royalty payments increase as the price of gold increases. The Company's ability to make scheduled debt payments on outstanding indebtedness will depend on future results of operations and cash flows. The Company's results of operations and cash flows, in part, are subject to economic factors beyond its control, including the market prices of silver and gold. The Company may not be able to generate enough cash flow to meet obligations and commitments. If the Company cannot generate sufficient cash flow from operations to service debt, it may need to further refinance debt, dispose of assets or issue equity to obtain the necessary funds. The Company cannot predict whether it would be able to refinance debt, issue equity or dispose of assets to raise funds on a timely basis or on satisfactory terms.

The Company's future growth will depend upon its ability to develop new mines, either through exploration at existing properties or by acquisition from other mining companies.

Because mines have limited lives based on proven and probable ore reserves, an important element of the Company's business strategy is the opportunistic acquisition of silver and gold mines, properties and businesses or interests therein. During 2011, the Company successfully constructed a new leach pad at the Company's Rochester mine and substantially completed development of other major mining properties at Palmarejo, San Bartolomé and Kensington. The Company's ability to achieve significant additional growth in revenues and cash flows will depend upon success in further developing existing properties and developing or acquiring new mining properties. Both strategies are inherently risky, and the Company cannot assure that it will be able to successfully compete in either the development of existing or new mining properties or acquisitions of additional mining properties.

While it is the Company's practice to engage independent mining consultants to assist in evaluating and making acquisitions, any mining properties or interests that it may acquire may not be developed profitably. If profitable when acquired, that profitability might not be sustained. In connection with any future acquisitions, the Company may incur indebtedness or issue equity securities, resulting in increased interest expense, or dilution of the percentage ownership of existing shareholders. The Company cannot predict the impact of future acquisitions on the price of its business or common stock or that it would be able to obtain any necessary financing on acceptable terms. Unprofitable acquisitions, or additional indebtedness or issuances of securities in connection with such acquisitions, may negatively affect results of operations.

In addition, since the beginning of 2011, the Company has also made strategic minority investments in eight silver and gold development companies in North and South America. As of December 31, 2012, the Company's investments in these companies had an estimated fair value of $27.1 million. The Company cannot assure that the value of these investments, or the value of future investments it may make in other development companies, will not decline. Declines in the value of these investments could adversely affect the Company's financial condition and results of operations.

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

The exploration for and development of mineral deposits involves significant financial risks that even a combination of careful evaluation, experience and knowledge cannot eliminate. Unprofitable efforts may result from the failure to discover mineral deposits. Even if mineral deposits are found, those 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.

Substantial expenditures are required to establish ore reserves, to 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, volatile metals prices, 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. Development projects also are subject to the completion of favorable feasibility studies, issuance and maintenance of necessary permits and receipt of adequate financing.

The commercial viability of a mineral deposit, once developed, 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 and land tenure; land use; importing and exporting of minerals; 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 exploration, development and mining activities. These risks and costs may result in lower economic returns and may adversely affect the Company's business.

The Company's ability to sustain or increase its present production levels depends in part on successful exploration and development of new ore bodies and expansion of existing mining operations. Mineral exploration, particularly for silver and gold, involves many risks and is frequently unproductive. 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.

Development projects 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 ore body, 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, the Company's financial condition, results of operations and cash flows may be negatively affected.

The Company might be unable to raise additional financing necessary to meet capital needs, conduct business, make payments when due or refinance debt.

The Company might need to raise additional funds in order to meet capital needs, implement its business plan, refinance debt or acquire complementary businesses or products. Any required additional financing might not be available on commercially reasonable terms, or at all. If the Company raises additional funds by issuing equity securities, holders of its common stock could experience significant dilution of their ownership interest, and these securities could have rights senior to those of the holders of common stock.

A significant delay or disruption in sales of concentrates as a result of the unexpected discontinuation of purchases by smelter customers could have a material adverse effect on operations.

The Company currently markets silver and gold concentrates to third-party smelters and refineries in Mexico, Germany, China, Australia, and the United States. The loss of any one smelter could have a material adverse effect on the Company if alternative smelters and refineries were unavailable. The Company cannot assure you that alternative smelters or refineries would be available if the need for them were to arise or that it would not experience delays or disruptions in sales that would materially and adversely affect results of operations.

The Company's silver and gold production may decline in the future, reducing its results of operations and cash flows.

The Company's silver and gold production, unless it is able to develop or acquire new properties, will decline over time due to the exhaustion of reserves and the possible closure of mines in response to declining metals prices or other factors. Identifying promising mining properties is difficult and speculative. The Company encounters strong competition from other mining companies in connection with the acquisition of properties producing or capable of producing silver and gold. Many of these companies have greater financial resources than the Company does. Consequently, the Company may be unable to replace and expand current ore reserves through the acquisition of new mining properties or interests therein on terms that are considered acceptable. As a result, revenues from the sale of silver and gold may decline, resulting in lower income and reduced growth. The Company cannot assure that it would be able to replace the production that would be lost due to the exhaustion of reserves and the possible closure of mines.

There are significant hazards associated with mining activities, some of which may not be fully covered by insurance.

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. 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 us or to other companies in the industry. Any liabilities that the Company incurs for these risks and hazards could be significant and could adversely affect results of operation, cash flows and financial condition.

The Company is subject to significant governmental regulations, including under the Federal Mine Safety and Health Act, and related costs and delays may negatively affect its business.

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. 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 operations and delays in the development of new properties.

U.S. surface and underground mines like the Kensington and Rochester mines are continuously inspected by the U.S. Mine Safety and Health Administration (“MSHA”), which inspections often lead to notices of violation. Recently, the MSHA has been conducting more frequent and more comprehensive inspections of mining operations in general. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, which may require corrective measures including capital expenditures, installation of additional equipment or remedial actions. In addition, any of the Company's U.S. mines could be subject to a temporary or extended shut down as a result of a violation alleged by the MSHA. 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 be subject to civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Any such penalties, fines, sanctions or shutdowns could have a material adverse effect on the Company's business and results of operations.

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, and set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner that 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 mining companies and their officers, directors and employees. The Company may incur environmental costs that could have a material adverse effect on financial condition and results of operations. Any failure to remedy an environmental problem could require it to suspend operations or enter into interim compliance measures pending completion of the required remedy. The environmental standards that ultimately may be imposed at a mine site affect the cost of remediation and could exceed the financial accruals that the Company has made for such remediation. The potential exposure may be significant and could have a material adverse effect on the Company's financial condition and results of operations.

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 prior and current operations, including operations conducted by other mining companies many years ago at sites located on properties that the Company currently or formerly owned. These lawsuits 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 the Company's operations. The Company cannot assure that any such law, regulation, enforcement or private claim would not have a negative effect on its financial condition, results of operations or cash flows.

Some of the Company's mining wastes currently are exempt to a limited extent from the extensive set of federal Environmental Protection Agency (the “EPA”) regulations governing hazardous waste under the Resource Conservation and Recovery Act (“RCRA”). If the EPA designates these wastes as hazardous under RCRA, the Company 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, that facility could be designated as a “Superfund” site under the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”). Under CERCLA, any present owner or operator of a Superfund site or the owner or operator at the time of contamination may be held liable and may be forced to undertake extensive remedial cleanup action or to pay for the government's cleanup efforts. The owner or operator also may be liable to governmental entities for the cost of damages to natural resources, which could be substantial. Additional regulations or requirements also are imposed on the Company'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. In addition, there are numerous legislative and regulatory proposals related to climate change, including legislation pending in the U.S. Congress to require reductions in greenhouse gas emissions. Adoption of these proposals could have a materially adverse effect on results of operations and cash flows.

The Company relies on third parties to operate, maintain and produce silver for it at the Endeavor mine.

The Endeavor mine is owned, maintained and operated by Cobar Operations Pty. Limited (“Cobar”), a wholly-owned subsidiary of CBH Resources Ltd. (“CBH”). However, pursuant to a silver sale and purchase agreement, the Company's wholly-owned subsidiary, CDE Australia Pty. Ltd. (“CDE Australia”), has acquired all silver production and reserves at the Endeavor mine, up to a total of 20.0 million payable ounces. CDE Australia has agreed to pay Cobar an operating cost contribution of $1.00 for each ounce of payable silver plus 50% of the amount by which the silver price exceeds $7.00 per ounce, subject to annual adjustments for inflation.

Under this arrangement, the Company relies on Cobar to own, maintain and operate the Endeavor mine, which exposes it to substantial counterparty risk. Cobar may fail to adequately or appropriately operate or maintain the project or may fail to fulfill its other obligations under the silver purchase agreement. The Company cannot assure that Cobar will not suffer financial hardship, that it will continue as a going concern or that it will not enter bankruptcy or otherwise liquidate. Any such event could expose the Company to significant costs and could limit the amounts, if any, it could recover in any proceeding against CBH or Cobar for breach of the silver purchase agreement. Any failure, inability or refusal of Cobar to meet its obligations to the Company could have a material and adverse effect on its business, results of operations or financial condition.

The Company's ability to obtain necessary government permits to expand operations or begin new operations can be materially affected by third party activists.

Private parties such as environmental activists frequently attempt to intervene in the permitting process and to persuade regulators to deny necessary permits or seek to overturn permits that have been issued. Obtaining the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions and often involving public hearings and costly undertakings. These third party actions can materially increase the costs and cause delays in the permitting process and could cause the Company to not proceed with the development or expansion of a mine.

An environmental organization, Great Basin Resource Watch ("GBRW") has brought an administrative appeal challenging the Bureau of Land Management's approval of a plan of amendment which allows active mining to be resumed and a new heap leach pad to be constructed at the Rochester property. The Interior Board of Land Appeals ("IBLA") is expected to rule on the appeal in the first half of 2013. However, because GBRW did not seek a stay of the BLM's decision, operations have been proceeding as approved during the IBLA proceeding. The Company cannot predict the outcome of the appeal or what effect, if any, an adverse ruling may have on current operations. If an adverse ruling is issued, the Company may be required to update the permitting for the current operations at Rochester.

The Company's operations in Bolivia are subject to political risks.

The Bolivian government adopted a new constitution in early 2009 that strengthened state control over key economic sectors such as mining. In connection with the 2009 constitution, the government of Bolivia announced a restructuring of the mining law. A commission was established in March 2011 to finalize the mining law updates and the commission's evaluation remains ongoing. The Company has been assessing the potential effects of the proposed legislation on its Bolivian operations but any effects remain uncertain until the law is enacted. The law is expected to regulate taxation and royalties and to provide for contracting with the government rather than concession holding. The revised mining law is expected to be enacted in the first half of 2013. The Company cannot assure that its operations at the San Bartolomé mine will not be affected by the current political environment in Bolivia.

On October 14, 2009, the Bolivian state-owned mining company, Corporación Minera de Bolivia (“COMIBOL”), announced by resolution that it was temporarily suspending mining activities above the elevation of 4,400 meters above sea level while stability studies of the Cerro Rico mountain are undertaken. The Company holds rights to mine above this elevation under valid contracts with COMIBOL as well as under authorized contracts with local mining cooperatives that hold their rights under contract themselves with COMIBOL. The Company temporarily adjusted its mine plan to confine mining activities to the ore deposits below 4,400 meters above sea level and timely notified COMIBOL of the need to lift the restriction. The Cooperative Reserva Fiscal, with which the Company has one of those contracts, subsequently interpreted the COMIBOL resolution and determined that the Huacajchi deposit was not covered by such resolution. In March 2010, the Cooperative Reserva Fiscal notified COMIBOL that, based on its interpretation, it was resuming mining of high grade material above the 4,400 meter level in the Huacajchi deposit. In December 2011, the Cooperative Reserva Fiscal sent a similar notification to COMIBOL with respect to a further area above the 4,400 meter level known as Huacajchi Sur. Based on these notifications and on the absence of any objection from COMIBOL, the Company resumed mining operations at the San Bartolomé mine on the Huacajchi deposit and Huacajchi Sur. Mining in other areas above the 4,400 meter level continue to be suspended. The partial suspension may reduce production until the Company is able to resume mining above 4,400 meters generally. It is uncertain at this time how long the suspension will remain in place. In addition, it is possible that COMIBOL may decide that the Company's operations at the Huacajchi deposit or Huacajchi Sur are subject to the COMIBOL resolution, which may force the Company to cease mining at such deposits. If COMIBOL objects to the Company mining at the Huacajchi deposit or Huacajchi Sur or if the other restrictions are not lifted, it may need to write down the carrying value of the asset. It is also uncertain if any new mining or investment policies or shifts in political attitude may affect mining in Bolivia.

The Company's business depends on good relations with its employees.

The Company could experience labor disputes, work stoppages or other disruptions in production that could adversely affect its business and results of operations. Labor disruptions may be used to advocate labor, political or social goals, particularly at non-U.S. mines. For example, labor disruptions may occur in sympathy with strikes or labor unrest in other sectors of local economies. During the past three years, two of the Company's mines have experienced work stoppages, each of which was resolved within a short period of time and had no material effect on operations. Most recently, in May 2012, a small, unorganized group of employees at the Palmarejo mine blocked access to the mine. Palmarejo management supervised an orderly, temporary shut-down of the mine and mill in order to allow for dialogue with employees while ensuring the safety of workers at the mine site. Management considered the actions taken by the group to be illegal. Within approximately five days, the group agreed to return to work and full production resumed at the mine. The Company cannot assure that work stoppages or other disruptions will not occur in the future. Any such work stoppage or disruption could expose the Company to significant costs and have a material and adverse effect on its business, results of operations or financial condition.

As of December 31, 2012, unions represented approximately 10.0% of the Company's worldwide workforce. The Company currently has a labor agreement at its San Bartolomé mine, which became effective January 28, 2010 and does not have a fixed term. The Company cannot predict whether this agreement will be renewed, whether future labor disruptions will occur or, if disruptions do occur, how long they will last.

Third parties may dispute the Company'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 the Company's property holdings in the United States, is often uncertain and may be contested. Although the Company has attempted to acquire satisfactory title to undeveloped properties, in accordance with mining industry practice it does not generally obtain title 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 the Company's mining claims could result in litigation, insurance claims and potential losses affecting its business as a whole.

Coeur Rochester, Inc. ("Coeur Rochester"), the Company's wholly-owned subsidiary, is party to a legal action relating to a third party's assertion of rights to unpatented mining claims at and near the Rochester property in Nevada. Coeur Rochester held 541 U.S. Federal unpatented claims through August 2011. On September 1, 2011, the Company inadvertently missed a claims fee payment to the U.S. Bureau of Land Management ("BLM") and as a result the prior unpatented mining claims were forfeited. The Company re-staked 516 claims in early December 2011 and August 2012 and filed notices with Pershing County, Nevada and the BLM. The new claims cover the majority of the prior unpatented claim area. A third party asserts that it also staked and filed notices on the Company's original unpatented mining claims and over subsequent new claims that had been previously staked by the Company. The Company believes it holds a superior property interest to the adverse staking party and filed a lawsuit to quiet title in the claims. The mine operates under an approved BLM plan of operations and has continued normal operations while the legal action is pending. The Company believes there will be no effect on the current silver and gold reserves at Coeur Rochester as a result of the claims dispute. However, the Company does believe an adverse outcome would require it to modify existing plans to further expand future mining operations and would require permits to be updated to reflect changes in claim ownership.

There may be challenges to the title of any of the claims comprising the Company's mines that, if successful, could impair development and operations. A defect could result in the Company losing all or a portion of its right, title, estate and interest in and to the properties to which the title defect relates.

The Company has the ability to issue additional equity securities, which would lead to dilution of its issued and outstanding common stock and may materially and adversely affect the price of its common stock.

The issuance of additional equity securities or securities convertible into equity securities would result in dilution of the Company's existing shareholders' equity ownership. The Company is authorized to issue, without shareholder approval, 10,000,000 shares of preferred stock in one or more series, to establish the number of shares to be included in each series and to fix the designation, powers, preferences and relative participating, optional, conversion and other special rights of the shares of each series as well as the qualification, limitations or restrictions on each series. Any series of preferred stock could contain dividend rights, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences or other rights superior to the rights of holders of its common stock. If the Company issues additional equity securities, the price of its common stock may be materially and adversely affected.

Item 1B. Unresolved Staff Comments

None

Item 2. Properties

SILVER AND GOLD MINING PROPERTIES

The Company's operating segments include Palmarejo (Mexico), San Bartolomé (Bolivia), Kensington (Alaska, USA), Rochester (Nevada, USA), Martha (Argentina), and Endeavor (New South Wales, Australia). See Note 22— Segment Reporting in the notes to the Consolidated Financial Statements, for information relating to its business segments and its domestic and export sales.

Mexico — Palmarejo

The Palmarejo surface and underground silver and gold mine, and associated milling operation, owned and operated by Coeur Mexicana, is located in the state of Chihuahua, Mexico. Access to the property is provided by air, rail, and all-weather paved and gravel roads from the state capitol of Chihuahua.

For the full year ended 2012, Palmarejo produced 8.2 million ounces of silver and 106,038 ounces of gold, compared to 9.0 million ounces of silver and 125,071 ounces of gold in 2011. Cash operating costs per ounce and total cash costs per ounce of silver for 2012 were both $1.33. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Reconciliation of Non-GAAP Cash Costs to GAAP Production Costs." Metal sales in 2012 from Palmarejo totaled $442.1 million, or 49% of the Company's total metal sales, compared with $513.1 million, or 50% of the Company's total metal sales in 2011. Sales of silver totaled $261.5 million and sales from gold were $180.6 million. Production costs in 2012 totaled $197.5 million while depreciation and depletion expense was $146.6 million. Total capital expenditures in 2012 were $38.5 million.

The low costs per silver ounce are due in part to significant by-product credits from gold production and an increase in price over the last three years. For the years ended December 31, 2012, 2011 and 2010, gold by-product credits were approximately, \$21.40, \$21.83 and \$21.50 per silver ounce, respectively, and were deducted from operating costs in the calculation of cash costs per ounce. If the Company's accounting policy had been changed to treat gold production as a co-product, the following total cash costs per ounce would have been reported:

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Cash operating cost per ounce: | | | |
| Silver | $13.45 | $12.82 | $19.90 |
| Gold | $742 | $581 | $328 |
| Total cash cost per ounce: | | | |
| Silver | $13.45 | $12.82 | $19.90 |
| Gold | $742 | $581 | $328 |

The Company’s property position at Palmarejo is large, consisting of contiguous mining concessions totaling 30,278 acres (12,253 hectares or 47 square miles) in size located in the south east part of the state of Chihuahua. Of the total concessions, 32 concessions consisting of 47 square miles (12,204 hectares) are owned 100% by Coeur Mexicana, formerly Planet Gold S.A. de C.V. (a wholly-owned subsidiary of the Company), and the remaining three concessions, representing 0.19 square miles (48.77 hectares) are partially owned (50 to 60%) by Coeur Mexicana. All of the Company’s ore reserves are located on concessions owned 100% by Coeur Mexicana. All concessions owned by Coeur Mexicana are valid until at least 2029. In addition to Palmarejo, the Company also controls 21,016 acres (8,505 hectares) of concessions at the Yécora exploration-stage property located in the state of Sonora, near the border with Chihuahua, and 17,717 acres (7,170 hectares) of concessions at the La Guitarra exploration-stage property in Chihuahua, south-east of Palmarejo.

All property and equipment are in good operating condition with no major maintenance expected. Power is supplied to the property by the local power utility as well as by generators. Water is supplied to the property by pipeline from the Chinipas River and also from recycled process water collected at the site.

Commercial production commenced in April 2009. Recovery of gold has been consistent with the initial metallurgical test work and feasibility study estimates and averaged 94.4% during 2012, up from 92.2% in 2011. The recovery of silver averaged 83% during 2012, which was below feasibility study estimates, but up from 76.4% in 2011. Although the Company will continue pursuing adjustments to the plant to increase silver recovery rates, as of December 31, 2012, it expects silver recoveries to average 84% for 2013. The Company is researching opportunities to achieve further improvements going forward.

The Palmarejo mine is located on the western flank of the Sierra Madre Occidental, a mountain range that comprises the central spine of northern Mexico. The north-northwest-trending Sierra Madre Occidental is composed of a relatively flat-lying sequence of Tertiary volcanic rocks that forms a volcanic plateau, cut by numerous igneous intrusive rocks. This volcanic plateau is deeply incised in the Palmarejo mine area, locally forming steep-walled canyons. The Sierra Madre Occidental gives way to the west to an extensional terrain that represents the southward continuation of the Basin and Range Province of the western United States, and then to the coastal plain of western Mexico.

The gold and silver deposits at the Palmarejo mine, typical of many of the other silver and gold deposits in the Sierra Madre, are classified as epithermal deposits and are hosted in multiple veins, breccias and fractures. These geologic structures trend generally northwest to southeast and dip either southwest or northeast. The dip on the structures ranges from about 45 degrees to 70 degrees. In the mineralized portions of the structures gold and silver are zoned from top to bottom with higher silver values occurring in the upper parts of the deposit and higher gold values in the lower parts, sometimes accompanied by base metal mineralization, though local variations are common. The Palmarejo property contains a number of mineralized zones or areas of interest. The most important of these to date is the Palmarejo zone in the north of the concessions which covers the old Palmarejo gold-silver mine formed at the intersection of the northwest-southeast trending La Prieta and La Blanca gold-and-silver bearing structures. In addition to Palmarejo, other mineralized vein and alteration systems in the district area have been identified all roughly sub-parallel to the Palmarejo zone. The most significant of these additional targets are the Guadalupe (including Animas) and La Patria vein systems in the southern part of the property which are currently under development and exploration by the Company.

The Company spent $19.9 million in the Palmarejo district in 2012 to discover new silver and gold mineralization and define new ore reserves. This program consisted of drilling 341,975 feet (104,234 meters) of core. The exploration budget for Palmarejo for 2013 is $15.8 million.

Year-end Proven and Probable Ore Reserves — Palmarejo Mine

| | 2012 (1, 2, 3, 4, 5) | 2011 | 2010 |
|---|---|---|---|
| Proven | | | |
| Short tons (000's) | 5,747 | 4,916 | 4,649 |
| Ounces of silver per ton | 4.67 | 5.31 | 7.12 |
| Contained ounces of silver (000's) | 26,858 | 26,091 | 33,096 |
| Ounces of gold per ton | 0.06 | 0.07 | 0.09 |
| Contained ounces of gold | 348,000 | 329,950 | 436,600 |
| Probable | | | |
| Short tons (000's) | 7,105 | 7,581 | 9,019 |
| Ounces of silver per ton | 3.69 | 4.05 | 4.29 |
| Contained ounces of silver (000's) | 26,251 | 30,727 | 38,662 |
| Ounces of gold per ton | 0.05 | 0.05 | 0.05 |
| Contained ounces of gold | 317,000 | 358,170 | 433,600 |
| Proven and Probable | | | |
| Short tons (000's) | 12,852 | 12,497 | 13,668 |
| Ounces of silver per ton | 4.13 | 4.55 | 5.25 |
| Contained ounces of silver (000's) | 53,110 | 56,818 | 71,758 |
| Ounces of gold per ton | 0.05 | 0.06 | 0.06 |
| Contained ounces of gold | 665,000 | 688,120 | 870,200 |

Year-end Mineralized Material — Palmarejo Mine

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Short tons (000's) | 23,712 | 5,062 | 4,503 |
| Ounces of silver per ton | 1.93 | 3.36 | 3.7 |
| Ounces of gold per ton | 0.04 | 0.04 | 0.04 |

Operating Data

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Production | | | |
| Ore tons milled | 2,114,366 | 1,723,056 | 1,835,408 |
| Ore grade silver (oz./ton) | 4.70 | 6.87 | 4.6 |
| Ore grade gold (oz./ton) | 0.05 | 0.08 | 0.06 |
| Recovery silver(%) | 83.0 | 76.4 | 69.8 |
| Recovery gold(%) | 94.4 | 92.2 | 91.1 |
| Silver produced (oz.) | 8,236,013 | 9,041,488 | 5,887,576 |
| Gold produced (oz.) | 106,038 | 125,071 | 102,440 |
| Cost per Ounce | | | |
| Cash operating costs | $1.33 | $(0.97) | $4.10 |
| Other cash costs[6] | — | — | — |
| Cash costs[7] | 1.33 | (0.97) | 4.10 |
| Non-cash costs | 17.93 | 17.77 | 15.56 |
| Total production costs | $19.26 | $16.80 | $19.66 |

(1) Current ore reserves are effective as of December 31, 2012. Metal prices used in calculating proven and probable reserves were $27.50 per ounce of silver and $1,450 per ounce of gold.

(2) The ore reserves are underground and open pit mineable and include an allowance for mining dilution and recovery. For the underground-mineable reserves, the dilution and mining recovery is incorporated into the detailed design of each stope for the Palmarejo mine; a 10% dilution at a grade of 0.62 g/t Au and 54 g/t Ag and 100% mining recovery was used for the Guadalupe deposit. For the open pit-minable reserves, the mining dilution and mining recovery was incorporated into a block diluted model for the Palmarejo mine. No open pit reserves are included for the Guadalupe deposit at this time.

(3) Metallurgical recovery factors of 93% for gold and 63% to 80% for silver were used in estimations for ore reserves for Palmarejo and should be applied to the contained reserve ounces.

(4) The ore reserves and mineralized material estimates were prepared by W. Orr (Manager of Corporate Technical Services) and the Company's technical staff with the assistance of an independent consulting firm.

(5) For the part of the Palmarejo Mine currently in production in surface and underground mining, the proven and probable reserves are defined above an economic cut-off grade demonstrating grade continuity delineated by exploration and definition drill holes with a nominal grid spacing of 15 meters to 45 meters, depending on resource area. Proven reserves is material at a distance of less than or equal to 15 meters from the nearest composite sample with a minimum of two drill holes used in the grade estimate. Probable reserves are defined by distance to the nearest composite sample of between 15 meters and 45 meters and a minimum of two drill holes used in the grade estimate. For the Guadalupe deposit, being developed for underground mining, the proven and probable reserves are defined as mineralized material above an economic cut-off grade demonstrating grade continuity delineated by at least two exploration drill holes within less than 65 meters of each other. Proven reserves were selected from resource areas with average drill hole spacing of 20 meters to less than 35 meters and a minimum of two drill holes used in the grade estimate. The current proven reserve blocks are at an average distance of 12 meters from the nearest composite sample (45 meters maximum), have an average of 4 octants informed for the estimates and were informed by an average of 8 drill holes. Probable reserves were selected from resource areas with average drill hole spacing of 35 meters to less than 80 meters. Probable reserves were further defined by distance to the nearest composite sample of less than approximately 65 meters and a minimum of two drill holes used in the grade estimate. The current probable reserve blocks are at an average of 18 meters from the nearest drill hole (102 meters maximum), have an average of 4 octants informed for the estimates and were informed by an average of 8 drill holes. Mineralized material is similarly classified.

(6) Includes production taxes and royalties, if applicable.

(7) Cash costs per ounce of silver or gold represent a non-U.S. GAAP measurement that management uses to monitor and evaluate the performance of its mining operations. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Reconciliation of Non-GAAP Cash Costs to GAAP Production Costs."

Bolivia — San Bartolomé

The San Bartolomé open pit silver mine, and associated milling operation, operated by Empresa Minera Manquiri SA ("Manquiri"), a wholly-owned subsidiary of the Company, is located on the flanks of the Cerro Rico Mountain bordering the town of Potosí, in the department of Potosí, Bolivia. Access to the property and the Company's processing facilities is by paved and all-weather gravel roads leading south-southwest from Potosí.

Silver production for 2012 was 5.9 million ounces compared to 7.5 million ounces in 2011. Cash operating costs per ounce for 2012 were $11.76 per ounce compared to $9.10 per ounce in 2011. Total cash costs per ounce (which includes production taxes and royalties) for 2012 were $12.95 per ounce compared to $10.64 per ounce in 2011. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Reconciliation of Non-GAAP Cash Costs to GAAP Production Costs." Metal sales in 2012 were $178.0 million, representing 20% of the Company's total metal sales. One hundred percent of these sales were derived from silver. Production costs in 2012 totaled $71.4 million and depreciation and depletion expense was $16.7 million. Total capital expenditures in 2012 were $25.7 million.

Coeur acquired 100% of the equity in Manquiri from Asarco Incorporated ("ASARCO") on September 9, 1999. Construction activities commenced in 2004. Manquiri's principal asset is the mining rights to the San Bartolomé mine.

Silver was first discovered in the area around 1545. Mining of silver and lesser amounts of tin and base metals has been conducted nearly continuously since that time from multiple underground mines driven into Cerro Rico. The prior owner did not conduct any mining or processing of the surface ores at San Bartolomé.

The Company completed feasibility studies in 2000 and 2004, which concluded that an open pit mine was potentially capable of producing approximately six million ounces of silver annually.

The property, plant and equipment are maintained in good working condition through a regular preventative maintenance program with periodic improvements as required. Power is supplied to the property by the local power utility. Water is supplied to the property by a public water source.

The Bolivian tax rate on most mining companies is 37.5%. However, mining companies that produce a doré product, as the San Bartolomé mine does, will receive a 5% credit based upon their specific operation. Thus, the tax rate for San Bartolomé is 32.5%.

The Company obtained political risk insurance policies from the Overseas Private Insurance Corporation (“OPIC”) and another private insurer and is self-insured for $23.3 million. The combined policies are in the amount of $155.0 million and cover Coeur up to the lesser of $131.8 million or 85.0% of any loss arising from expropriation, political violence or currency inconvertibility. The policy costs were capitalized during the development and construction phases and are now included as a cost of inventory produced over the term of the policies which expire in 2019 and 2024.

The silver mineralization at San Bartolomé is hosted in unconsolidated sediments (pallacos) and reworked sediments (sucus and troceras) and oxide stockpiles and dumps (desmontes) from past mining that occurred on the flanks of Cerro Rico. Cerro Rico is a prominent mountain in the region that reaches an elevation of over 15,400 feet (over 4,700 meters). It is composed of Tertiary-aged volcanic and intrusive rocks that were emplaced into and over older sedimentary, and volcanic, basement rocks. Silver, along with tin and base metals, is located in multiple veins and vein swarms and stockworks that occur in a northeast trending belt which transects Cerro Rico. The upper parts of the Cerro Rico mineralized system were subsequently eroded and re-deposited into the flanking gravel deposits. Silver is hosted in all portions of the pallacos, sucus, and troceras with the best grades segregated to the coarser-grained silicified fragments. These deposits lend themselves to simple, free digging surface mining techniques and can be extracted without drilling and blasting. Of the several pallaco deposits which are controlled by Coeur and surround Cerro Rico, three are of primary importance and are known as Huacajchi, Diablo and Santa Rita.

The mineral rights for the San Bartolomé mine are held through joint venture and long-term lease agreements with several independent mining cooperatives and the Bolivian state-owned mining organization COMIBOL. Manquiri controls 47.93 square kilometers (11,578 acres) of land at San Bartolomé around Cerro Rico under contracts and concessions and approximately 37.45 square kilometers (8.95 acres) of concessions at the Rio Blanco property, a gold exploration target south of Potosí. The San Bartolomé lease agreements expire between 2021 and 2028 and are generally subject to a production royalty payable partially to the cooperatives and partially to COMIBOL. The royalty rate is 3% at silver prices below $4 per ounce and 6% at prices above $8 per ounce. The rate is a factor of 75% of the silver price between $4 and $8. The Company has additional mining rights known as the Plahipo project which include the mining rights to oxide dumps adjacent to the original property package. The oxide dumps included in the Plahipo project are subject to a sliding scale royalty payable to COMIBOL that is a function of silver price. The Company incurred royalty payment obligations to COMIBOL and the Cooperatives for these mining rights totaling $7.1 million and $11.6 million for the years ended 2012 and 2011, respectively.

On October 14, 2009, the Bolivian state-owned mining company, Corporación Minera de Bolivia (“COMIBOL”), announced by resolution that it was temporarily suspending mining activities above the elevation of 4,400 meters above sea level while stability studies of the Cerro Rico mountain are undertaken. The Company holds rights to mine above this elevation under valid contracts with COMIBOL as well as under authorized contracts with local mining cooperatives that hold their rights under contract themselves with COMIBOL. The Company temporarily adjusted its mine plan to confine mining activities to the ore deposits below 4,400 meters above sea level and timely notified COMIBOL of the need to lift the restriction. The Cooperative Reserva Fiscal, with which the Company has one of those contracts, subsequently interpreted the COMIBOL resolution and determined that the Huacajchi deposit was not covered by such resolution. In March 2010, the Cooperative Reserva Fiscal notified COMIBOL that, based on its interpretation, it was resuming mining of high grade material above the 4,400 meter level in the Huacajchi deposit. In December 2011, the Cooperative Reserva Fiscal sent a similar notification to COMIBOL with respect to a further area above the 4,400 meter level known as Huacajchi Sur. Based on these notifications and on the absence of any objection from COMIBOL, the Company resumed mining operations at the San Bartolomé mine on the Huacajchi deposit and Huacajchi Sur. Mining in other areas above the 4,400 meter level continue to be suspended. The partial suspension may reduce production until the Company is able to resume mining above 4,400 meters generally. It is uncertain at this time how long the suspension will remain in place. In addition, it is possible that COMIBOL may decide that the Company's operations at the Huacajchi deposit or Huacajchi Sur are subject to the COMIBOL resolution, which may force the Company to cease mining at such deposits. If COMIBOL objects to the Company mining at the Huacajchi deposit or Huacajchi Sur or if the other restrictions are not lifted, it may need to write down the carrying value of the asset. It is also uncertain if any new mining or investment policies or shifts in political attitude may affect mining in Bolivia. Access to the Huacajchi deposit and its higher grade material is having beneficial effect on production and cost at the mine. The Company does not use explosives in its surface-only mining activities and is sensitive to the preservation of the mountain under its contracts with the state-owned mining entity and the local cooperatives.

In 2012, exploration trenching and sampling was performed at San Bartolomé to expand the ore reserves. This program cost $0.4 million and 4,288 feet (1,307 meters) of trenching was accomplished and sampled in 2012. A similar program is planned for 2013 at an estimated cost of $0.6 million.

Year-end Proven and Probable Ore Reserves — San Bartolomé Mine

| | 2012 (1, 2, 3, 4) | 2011 | 2010 |
|---|---|---|---|
| Proven | | | |
| Short tons (000's) | 1,187 | 959 | 476 |
| Ounces of silver per ton | 2.92 | 3.01 | 3.62 |
| Contained ounces of silver (000's) | 3,460 | 2,888 | 1,723 |
| Probable | | | |
| Short tons (000's) | 41,699 | 43,556 | 27,602 |
| Ounces of silver per ton | 2.53 | 2.64 | 3.81 |
| Contained ounces of silver (000's) | 105,628 | 115,192 | 105,295 |
| Proven and Probable | | | |
| Short tons (000's) | 42,886 | 44,515 | 28,078 |
| Ounces of silver per ton | 2.54 | 2.65 | 3.81 |
| Contained ounces of silver (000's) | 109,088 | 118,080 | 107,018 |

Year-end Mineralized Material — San Bartolomé Mine

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Short tons (000's) | 20,040 | 21,264 | 36,953 |
| Ounces of silver per ton | 2.27 | 2.59 | 1.75 |

Operating Data

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Production | | | |
| Tons ore milled | 1,477,271 | 1,567,269 | 1,504,779 |
| Ore grade silver (oz./ton) | 4.49 | 5.38 | 5.03 |
| Recovery silver(%) | 89.5 | 88.9 | 88.6 |
| Silver produced (oz.) | 5,930,394 | 7,501,367 | 6,708,775 |
| Cost per Ounce of Silver | | | |
| Cash operating costs | $11.76 | $9.10 | $7.87 |
| Other cash costs(5) | 1.19 | 1.54 | 0.80 |
| Cash costs(6) | 12.95 | 10.64 | 8.67 |
| Non-cash costs | 2.86 | 3.11 | 3.05 |
| Total production costs | $15.81 | $13.75 | $11.72 |

(1) Current ore reserves are effective as of December 31, 2012. The metal price used for current ore reserves was $27.50 per ounce of silver.

(2) Ore reserves are open pit-minable and include a mining recovery such that 15 cm buffer of ore material above the bedrock was excluded from the reserve; this equates to a mining recovery of 99.0%. Metallurgical recovery factors of 77% to 86% were used in estimations for ore reserves for San Bartolomé and should be applied to the contained reserve ounces.

(3) Ore reserves and mineralized material estimates were prepared by W. Orr (Manager of Corporate Technical Services) and the Company's technical staff with the assistance of an independent consulting firm.

(4) Proven and probable ore reserves are defined by surface drill holes, trenches, and pits (pozos) with an average spacing of no more than 230 feet (70 meters). Proven reserves are those reserves in stockpile as of December 31, 2012. The grade of ore reserve block is determined by the grade of proximal drill hole and/or pit composites and three-dimensional models of geologic controls. A minimum of 8 and maximum of 20 composite were used to classify proven and probable ore reserves and variable geostatistical estimation variances. Mineralized Material is similarly classified.

(5) Includes production taxes and royalties, if applicable.

(6) Costs per ounce of silver represent a non-U.S. GAAP measurement that management uses to monitor and evaluate the performance of its mining operations. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations Reconciliation of Non-GAAP Cash Costs to GAAP Production Costs.”

USA — Alaska-Kensington Mine

The Kensington underground gold mine and associated milling facilities are located on the east side of the Lynn Canal about 45 miles north-northwest of Juneau, Alaska. The Kensington mine commenced commercial production on July 3, 2010. The mine is accessed by a horizontal tunnel and utilizes conventional and mechanized underground mining methods. Ore is processed in a flotation mill that produces a concentrate which is sold to third party smelters. Waste material is deposited in an impoundment facility on the property. Power is supplied to the site by on-site diesel generators. Access to the project is by either a combination of road vehicles, boat, helicopter, float plane, or by boat direct from Juneau.

Production at Kensington was 82,125 ounces of gold in 2012. Metal sales in 2012 at Kensington were $111.0 million, or 12% of total sales. Production costs were $87.1 million and depreciation and depletion expense was $41.6 million. The Company's capital expenditures at the Kensington mine totaled approximately $37.0 million in 2012.

In December of 2011, Kensington entered a six month period where processing levels were reduced by 50% to approximately 700 tons per day. The reduction in ore processing was required to allow work to be completed on several infrastructure projects. This allowed the mine to implement and complete several key initiatives, including:

- accelerated underground development, resulting in more working faces and greater operational flexibility;
- large in-fill drilling program to better define the high-grade ore zones and improve the mine plan;
- completion and commissioning of the underground paste backfill plant and related distribution system, providing access to stopes located in previously mined areas;
- upgrading and completing construction of several underground and surface facilities; and
- improving overall safety of the operation.

All initiatives have been completed and the Kensington mine has resumed full production.

Coeur Alaska, Inc., (“Coeur Alaska”), a wholly-owned subsidiary of the Company, controls two contiguous land groups: the Kensington and Jualin properties. The Kensington property consists of 51 private patented lode and mill-site claims covering approximately 768 acres, 294 federal unpatented lode claims covering approximately 3,894 acres, and eight State of Alaska mining claims covering approximately 96 acres. The Company controls the Jualin Property, under a lease agreement with Hyak Mining Company, through the cessation of mining, so long as the Company makes timely payments pursuant to the lease agreement. The Jualin Property consists of 23 patented lode and mill-site claims covering approximately 381 acres, 438 federal unpatented lode claims and one unpatented mill-site claim covering approximately 8,617 acres, and 17 State of Alaska mining claims covering approximately 341 acres. The federal and state claims, as well as the private patented lode and mill-site claims, provide Coeur with the necessary rights to mine and process ore from Kensington. All of the Company’s Alaska ore reserves are located within the patented claims. The unpatented claims and mill site are maintained via annual filings and fees to the U.S. Bureau of Land Management (BLM), which acts as administrator of the claims. State claims are maintained via filings and fees to Alaska Department of Natural Resources — Juneau Recorder’s Office. Real property taxes are paid yearly to the City and Borough of Juneau for the patented claims. Lease payments are paid annually and all leases are in good standing.

Coeur Alaska is obligated to pay a scaled net smelter return royalty on 1.0 million ounces of future gold production after Coeur Alaska recoups the $32.5 million purchase price and its construction and development expenditures incurred after July 7, 1995 in connection with placing the property into commercial production. The royalty ranges from 1% at $400 per ounce gold prices to a maximum of 2.5% at gold prices above $475 per ounce, with the royalty to be capped at 1.0 million ounces of production.

The Kensington ore deposit consists of multiple gold bearing mesothermal, quartz, carbonate and pyrite vein swarms and discrete quartz-pyrite veins hosted in Cretaceous-aged Jualin diorite. Most of the gold is contained in calaverite ($AuTe_2$) which occurs in association with native gold as inclusions in and interstitial to pyrite grains and in microfractures in pyrite.

The Company spent $4.1 million on exploration at Kensington in 2012, completing 60,666 feet (20,137 meters) of core drilling during the year and plans to spend $9.4 million on exploration in 2013.

Year-end Proven and Probable Ore Reserves — Kensington Mine

| | 2012 (1, 2, 3, 4, 5) | 2011 | 2010 |
|---|---|---|---|
| Proven | | | |
| Short tons (000's) | 647 | 1,164 | 319 |
| Ounces of gold per ton | 0.28 | 0.28 | 0.45 |
| Contained ounces of gold (000's) | 179 | 326 | 145 |
| Probable | | | |
| Short tons (000's) | 4,020 | 4,842 | 5,618 |
| Ounces of gold per ton | 0.21 | 0.21 | 0.23 |
| Contained ounces of gold (000's) | 837 | 1,014 | 1,265 |
| Proven and Probable | | | |
| Short tons (000's) | 4,667 | 6,006 | 5,937 |
| Ounces of gold per ton | 0.22 | 0.22 | 0.24 |
| Contained ounces of gold (000's) | 1,016 | 1,340 | 1,410 |

Year-end Mineralized Material — Kensington Mine

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Short tons (000's) | 2,606 | 3,039 | 2,504 |
| Ounces of gold per ton | 0.20 | 0.19 | 0.19 |

Operating Data

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Production | | | |
| Ore tons milled | 394,780 | 415,340 | 174,028 |
| Ore grade gold (oz./ton) | 0.22 | 0.23 | 0.28 |
| Recovery gold(%) | 95.6 | 92.7 | 89.9 |
| Gold produced (oz.) | 82,125 | 88,420 | 43,143 |
| Cost per Ounce | | | |
| Cash operating costs | $1,358 | $1,088 | $989 |
| Other cash costs(6) | — | — | — |
| Cash costs(7) | 1,358 | 1,088 | 989 |
| Non-cash costs | 507 | 406 | 405 |
| Total production costs | $1,865 | $1,494 | $1,394 |

(1) Current ore reserves are effective as of December 31, 2012. Metal price used in calculating proven and probable reserves was $1,450 per ounce of gold.

(2) The ore reserves are underground minable and include factors for mining dilution and recovery. A factor of approximately 10% additional tonnage at a grade of 0.063 ounces of gold per ton of dilution was included. An average 91% mining recovery was included.

(3) Metallurgical recovery factor of 94.5% should be applied to the contained gold reserve ounces.

(4) The ore reserves and mineralized material estimates were estimated by J. Barry (Mine Engineer) of the Company's technical staff with the assistance of an independent consultant. Independent consultant groups have performed independent reviews of the Company's resource estimate model used to prepare the ore reserve estimates.

(5) Proven and probable reserves are defined underground drilling and underground workings. In practice, reserve blocks are defined by the number of proximal composites and three-dimensional geologic controls. Proven ore reserves include stockpiled ore. Ore reserve must be defined by at least 10 drill samples from at least 2 drill holes spaced not more than 60 feet from the block center. Mineralized material is similarly classified.

(6) Includes production taxes and royalties, if applicable.

(7) Cash costs per ounce of silver or gold represent a non-U.S. GAAP measurement that management uses to monitor and evaluate the performance of its mining operations. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Reconciliation of Non-GAAP Cash Costs to GAAP Production Costs.”

USA — Nevada-Rochester Mine

The Rochester mine and associated heap leach facilities is an open pit silver and gold mine located in Pershing County, Nevada, which is located approximately 25 miles of paved and all-weather gravel road northeast of the town of Lovelock. The Company owns 100% of the Rochester Mine through the Company’s wholly-owned subsidiary, Coeur Rochester, Inc. (“Coeur Rochester”). The mine consists of the main Rochester deposit and the adjacent Nevada Packard deposit, due south of Rochester.

Production at the Rochester mine in 2012 was approximately 2.8 million ounces of silver and 38,066 ounces of gold, compared to approximately 1.4 million ounces of silver and 6,276 ounces of gold in 2011. Production was higher due to increased ounces recovered from the ore on the new leach pad that was constructed in 2011. Cash operating costs per ounce of silver decreased to $9.62 per ounce in 2012, compared to $22.97 per ounce in 2011. Total cash costs per ounce of silver (which includes production taxes and royalties) were $11.65 per ounce in 2012 compared to $24.82 per ounce in 2011. This decrease was primarily due to the increase in ore produced from the new leach pad.

Rochester’s total metal sales in 2012 totaled $132.4 million, or approximately 15% of the Company’s total metal sales. Approximately 59% of Rochester’s metal sales were derived from silver, while 41% were derived from gold. Production costs totaled $74.3 million in 2012 and depreciation and depletion expenses were $8.1 million, compared to $28.3 million and $2.8 million in 2011. The Company’s capital expenditures at the Rochester mine totaled approximately $11.8 million in 2012. The Company plans capital expenditures at the Rochester mine of $32.5 million in 2013, primarily for infrastructure to support further expansion.

The low costs per silver ounce are due in part to significant by-product credits from gold production and an increase in price over the last three years. For the years ended December 31, 2012, 2011 and 2010, gold by-product credits were approximately, $22.65, $7.11 and $5.81 per silver ounce, respectively, and were deducted from operating costs in the calculation of cash costs per ounce. If the Company's accounting policy had been changed to treat gold production as a co-product, the following total cash costs per ounce would have been reported:

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Cash operating cost per ounce: | | | |
| Silver | $ 19.20 | $ 25.34 | $ 4.20 |
| Gold | $ 962 | $ 1,050 | $ 952 |
| Total cash cost per ounce: | | | |
| Silver | $ 20.40 | $ 26.91 | $ 4.61 |
| Gold | $ 1,023 | $ 1,115 | $ 1,045 |

Coeur Rochester held 541 U.S. Federal unpatented claims, of which 66 were under lease agreements, and 22 patented claims, totaling approximately 8,600 acres through August 2011. On September 1, 2011, the Company inadvertently missed paying the 2012 assessment year claim maintenance fees to the U.S. Bureau of Land Management (BLM) and as a result the prior unpatented mining claims were forfeited. In December 2011 and August 2012, the Company located new claims on ground covered by the previous unpatented mining claims, including those subject to lease agreements. The new claims total 516 covering approximately 9,282 acres, and cover the majority of the prior unpatented claim area.

With respect to the claims that were held under lease agreements, the Company has continued to pay lease fees to the lessors according to the rates set forth in the lease agreements. The Company is not currently mining on any of the leased claims, and the Company does not believe these claims to be individually or collectively material to the Company's cash flows or the Rochester property's current plan of operations approved by the BLM. The Company uses the property on which the leased claims are located principally to facilitate access to other portions of the Rochester property and to provide space for infrastructure. None of the lessors has initiated or threatened any litigation against the Company with respect to the leases or the Company's continued use of the lessors' property.

A substantial portion of the new claims is the subject of a legal dispute stemming from competing asserted interests in the claims. A third party asserts that it also staked and filed notices on the Company's original unpatented mining claims and over subsequent new claims that had been previously staked by the Company. The Company believes it holds a superior property interest to the adverse staking party and filed a lawsuit to quiet title in the claims. The mine operates under an approved BLM plan of operations and has continued normal operations while the legal action is pending. The Company believes there will be no impact to the current silver and gold reserves at Coeur Rochester as a result of the claims dispute.

Furthermore, the Company believes that it would retain access to all active mining areas of the Rochester property notwithstanding an adverse outcome. Because surface access is governed by the approved BLM plan of operations and not by claim ownership, the Company believes that it would retain surface access to all areas of property within the approved BLM plan of operations. However, the Company does believe an adverse outcome would cause it to modify existing plans to further expand future mining operations and would require permits to be updated to reflect changes in claim ownership arising from an adverse outcome. See Note 23 - Litigation and Other Events for information relating to the unpatented mining claims dispute at Rochester.

The claims dispute has not resulted in any changes to the Company's BLM-approved plan of operations for the Rochester property, or any effect on the Company's leaching activities or stockpiles. The Company does not expect any such changes or effects unless the claims dispute is finally resolved against the Company. In the event all claims in dispute were resolved in favor of the adverse party, the Company cannot determine whether any fees or amounts would be awarded to the adverse party for adverse land use, or what the amount or range of such fees or amounts might be. However, the Company would not be subject to BLM fees for any such adverse land use within the BLM-approved plan of operations. The effect on the Company's leaching operations or stockpiles could depend on further BLM proceedings or private negotiations with respect to surface uses of the claims in dispute. The Company estimates that approximately 53,261,000 short tons of mineralized material, averaging 0.46 and 0.003 silver and gold ounces per ton, respectively, is affected by the claim dispute.

On December 20, 2011, the Sixth Judicial District Court of Nevada issued a preliminary injunction, enjoining Rye Patch from entering certain active mine areas at the Coeur Rochester mine operation. A map showing the boundary established by the preliminary injunction is filed as Exhibit 99.1 attached to this Form 10-K and available online at http://www.coeur.com/operations/rochester-nevada/rochester-claims-dispute.

The Company acquired the Rochester property from ASARCO in 1983 and commenced mining in 1986. No mining or processing was conducted at Rochester by the prior owner. The Company acquired its initial interest in the adjacent Nevada Packard property in 1996, completed the full purchase in 1999 and commenced mining in 2003. Very limited mining and processing was conducted at Nevada Packard by the prior owner. Collectively, the Rochester and Nevada Packard properties comprise the Company’s Rochester silver and gold mining and processing operation.

The Rochester mine is fully supported with electricity, supplied by a local power company on their public grid, telephone and radio communications, production water wells, and processing, maintenance, warehouse, and office facilities. All of these facilities are in good operating condition with no major maintenance expected. The mine utilizes the heap leaching process to extract both silver and gold from ore mined using conventional open pit methods.

Gold and silver are recovered by heap leaching of crushed open-pit ore placed on pads located east of the Rochester mining area. Based upon actual operating experience and metallurgical testing, the Company estimates ultimate recovery rates from the crushed ore of 61.0% for silver, depending on the ore being leached, and 92.0% for gold. See Note 3 — Summary of Significant Accounting Policies to the Consolidated Financial Statements included herein, for further discussion.

The Company commenced studies to investigate the potential to recommence mining and leaching of new material in 2008 and completed feasibility studies in 2009 and 2010 demonstrating the viability of an expansion of mining and leaching operations at its Rochester mine through 2017. The Company prepared an Amended Plan of Operations for resumption of mining within the existing and permitted Rochester pit and construction of an additional heap leach pad, all within the currently permitted mine boundary. The Bureau of Land Management (BLM) deemed this plan complete in August 2009 under federal regulations and initiated the National Environmental Policy Act process. The BLM issued a positive Decision Record (DR) for the mine to extend silver and gold mining operations by several years with new production ounces being recovered in the fourth quarter of 2011.

At Rochester, silver and gold mineralization is hosted in folded and faulted volcanic rocks of the Rochester Formation and overlying Weaver Formation. Silver and gold, consisting of silver sulfosalt minerals, argentite, silver-bearing tetrahedrite and minor native gold, are contained in zones of multiple quartz veins and veinlets (vein and vein swarms and stockworks) with variable amounts of pyrite.

The Company is obligated to pay a net smelter royalty interest to ASARCO, the prior owner, when the average quarterly market price of silver equals or exceeds $23.60 per ounce indexed for inflation up to a maximum rate of 5%. Royalty expense was $3.5 million, $2.2 million and $0.2 million for the years ended December 31, 2012, 2011 and 2010, respectively.

In 2012, exploration expenditures of $3.9 million funded 138,121 feet (42,099 meters) of reverse circulation, vibratory rotary (Sonic) and core drilling. The 2013 budget for exploration is $3.5 million.

Year-end Proven and Probable Ore Reserves — Rochester Mine

| | 2012 (1, 2, 3, 4, 5, 8, 9) | 2011 | 2010 |
|---|---|---|---|
| Proven | | | |
| Short tons (000's) | 56,304 | 31,532 | 35,959 |
| Ounces of silver per ton | 0.54 | 0.59 | 0.54 |
| Contained ounces of silver (000's) | 30,501 | 18,681 | 19,499 |
| Ounces of gold per ton | 0.004 | 0.006 | 0.005 |
| Contained ounces of gold | 230,000 | 178,800 | 196,100 |
| Probable | | | |
| Short tons (000's) | 23,619 | 15,747 | 12,312 |
| Ounces of silver per ton | 0.61 | 0.69 | 0.65 |
| Contained ounces of silver (000's) | 14,396 | 10,892 | 8,057 |
| Ounces of gold per ton | 0.003 | 0.004 | 0.004 |
| Contained ounces of gold | 78,000 | 68,200 | 51,300 |
| Proven and Probable | | | |
| Short tons (000's) | 79,923 | 47,279 | 48,271 |
| Ounces of silver per ton | 0.56 | 0.63 | 0.57 |
| Contained ounces of silver (000's) | 44,897 | 29,573 | 27,556 |
| Ounces of gold per ton | 0.004 | 0.005 | 0.005 |
| Contained ounces of gold | 308,000 | 247,000 | 247,400 |

Year-end Mineralized Material — Rochester Mine

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Short tons (000's) | 264,283 | 251,472 | 215,603 |
| Ounces of silver per ton | 0.46 | 0.45 | 0.44 |
| Ounces of gold per ton | 0.003 | 0.003 | 0.003 |

Operating Data

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Production | | | |
| Tons ore mined | 11,710,795 | 2,028,889 | — |
| Tons ore crushed | 8,926,598 | 1,782,971 | — |
| Ore grade silver (oz./ton) | 0.55 | 0.47 | — |
| Ore grade gold (oz./ton) | 0.0047 | 0.0047 | — |
| Recovery/Ag oz(%) | 57.0 | 165.1 | — |
| Recovery/Au oz(%) | 89.9 | 75.6 | — |
| Silver produced (oz.) | 2,801,405 | 1,392,433 | 2,023,423 |
| Gold produced (oz.) | 38,066 | 6,276 | 9,641 |
| Cost per Ounce | | | |
| Operating cash costs | $9.62 | $22.97 | $2.93 |
| Other cash costs(6) | 2.03 | 1.85 | 0.85 |
| Cash costs(7) | 11.65 | 24.82 | 3.78 |
| Non-cash costs | 2.40 | 2.39 | 1.04 |
| Total production costs | $14.05 | $27.21 | $4.82 |

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(1) Current ore reserves are open-pit minable, and in surface stockpiles, effective as of December 31, 2012. Metal prices used in calculating proven and probable reserves were $27.50 per ounce of silver and $1,450 per ounce of gold.
(2) No factors for mining dilution or recovery are applied to open-pit ore reserves.
(3) Metallurgical recovery for oxide ore were 61% for silver and 92% for gold. Approximately .08 million tons (3.8%) of sulfide bearing ore is included in the total ore reserves at lower metallurgical recovery rates. However, ultimate recoveries will not be known until leaching operations cease. Current recovery may vary significantly from ultimate recovery, calculated based on the ounces recovered as a percent of the ounces placed on the pad. The ore reserves and mineralized material estimates were estimated by C. Kiel (Superintendent of Rochester Technical Services) and the Company’s technical staff. An independent consulting group reviewed engineering studies and a consulting firm modeled drilling results and updated the estimates of mineralized material.
(4) Ore reserves are defined by drilling on a grid of 100 feet by 200 feet, or closer, and include open pit mine production sampling to assist with determination of gold and silver grades. The grade is defined by the number of proximal drill-hole composited assay values and three-dimensional geologic controls. The number of drill samples used in estimation of grades must be at least 4 with a maximum search distance of 150 feet at Rochester and 120 feet at Nevada Packard. Mineralized material is similarly classified.
(5) Mining and crushing operations temporarily terminated in August 2007 and resumed in 2011.
(6) Includes production taxes and royalties, if applicable.
(7) Cash costs per ounce of silver or gold represent a non-U.S. GAAP measurement that management uses to monitor and evaluate the performance of its mining operations. See "Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations Reconciliation of Non-GAAP Cash Costs to GAAP Production Costs.”
(8) The Company believes there will be no impact to current silver and gold reserves at Coeur Rochester as a result of the ongoing claims dispute.
(9) Current mineralized material estimates were determined from within both disputed and undisputed claims and from historic surface stockpiles. While the Company believes it holds a superior position in the ongoing claim dispute, the Company believes an adverse legal outcome would cause it to modify mineralized material estimates.

Argentina — Martha Mine

The Martha underground silver and gold mine, and associated milling operation, owned and operated by Coeur Argentina S.R.L., a wholly-owned subsidiary of the Company, is located in the Santa Cruz Province of southern Argentina. Access to the property is provided by all-weather gravel roads leading 30 miles northeast of the town of Gobernador Gregores. The Martha mine ceased active mining operations in September 2012. The Company recorded an impairment charge of $5.8 million in the twelve months ended December 31, 2012.

Production at the Martha mine in 2012 was approximately 0.3 million ounces of silver and 257 ounces of gold compared to 0.5 million ounces of silver and 615 ounces of gold in 2011. The 38.9% decrease in silver production was primarily due to a decrease in ore grade in 2012. Cash operating costs per ounce for 2012 were $49.77 per ounce compared to $32.79 per ounce in 2011. Total cash costs per ounce of silver (which includes production taxes and royalties) were $50.71 in 2012 compared to $34.08 in 2011. The increase in total cash costs per ounce was attributed to the decrease in silver production as compared to 2011. Metal sales in 2012 totaled $13.2 million at Martha. Production costs totaled $17.7 million and depreciation and depletion expenses were $0.7 million, compared with $15.5 million and $0.6 million in 2011. Total capital expenditures at the Martha mine in 2012 were $1.2 million.

The mineral rights for the Martha property are fully-owned by Coeur Argentina S.R.L. Mineral rights owned by Coeur Argentina S.R.L. in the Santa Cruz Province (excluding Joaquin) total 166 square miles (43,214 hectares) of exploration concessions ("Cateos"), 275 square miles (71,281 hectares) of discovery concessions ("Manifestaciones de Descubrimiento" or "MDs"), and 3.0 square miles (774 hectares) of exploitation concessions ("concesiones de exploitacion"). Martha is centered on the exploitation concessions, which fully cover the area of the mine infrastructure and the ore reserves reported herein. Concessions do not have an expiration date, subject only to required annual fees. Surface rights covering the Martha deposit are controlled by the 137.8 square mile (35,705-hectare) Cerro Primero de Abril Estancia which is owned by Coeur Argentina S.R.L. Included on the estancia is a 60-person camp, mine and exploration offices, and assay laboratory.

The Company acquired the property in 2002 and is obligated to pay a 2.0% net smelter royalty on silver and gold production to Royal Gold Corporation. In addition, the Company is subject to a 3.0% net proceeds royalty payable to the Province of Santa Cruz. The Company incurred royalty expense totaling $0.3 million, $0.7 million and $1.5 million for the years ended 2012, 2011, and 2010, respectively.

The Company operated a 240 tonne per day flotation mill at the site, which produced a flotation concentrate that was shipped to a third-party smelter located in Mexico. The property and equipment are maintained in good working condition through a regular preventive maintenance program with periodic improvements as required. Power is provided by Company-owned diesel generators.

At Martha, silver and gold mineralization is hosted in epithermal quartz veins and veinlets within generally sub-horizontal volcanic rocks of the Jurassic-aged Chon Aike Formation. The veins and veinlets occur as sub-parallel clusters largely trending west-northwest and dipping steeply to the southwest. The main ore minerals of silver and gold are silver sulfosalt minerals, argentite, electrum (a naturally-occurring gold and silver alloy) and native silver.

Exploration at the Martha mine consisted of 10,646 feet (3,245 meters) of core drilling for a total cost of $1.1 million in 2012.

Year-end Proven and Probable Ore Reserves — Martha Mine

| | 2012 (1, 2, 3, 4, 5) | 2011 | 2010 |
|---|---|---|---|
| Proven | | | |
| Short tons (000's) | — | — | — |
| Ounces of silver per ton | — | — | — |
| Contained ounces of silver (000's) | — | — | — |
| Ounces of gold per ton | — | — | — |
| Contained ounces of gold | — | — | — |
| Probable | | | |
| Short tons (000's) | — | 53 | 45 |
| Ounces of silver per ton | — | 12.79 | 18.61 |
| Contained ounces of silver (000's) | — | 671 | 828 |
| Ounces of gold per ton | — | 0.01 | 0.02 |
| Contained ounces of gold | — | 580 | 1,089 |
| Proven and Probable | | | |
| Short tons (000's) | — | 53 | 45 |
| Ounces of silver per ton | — | 12.79 | 18.61 |
| Contained ounces of silver (000's) | — | 671 | 828 |
| Ounces of gold per ton | — | 0.01 | 0.02 |
| Contained ounces of gold | — | 580 | 1,089 |

Year-end Mineralized Material — Martha Mine

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Short tons (000's) | 57 | 35 | 39 |
| Ounces of silver per ton | 13.57 | 12.15 | 14.02 |
| Ounces of gold per ton | 0.02 | 0.01 | 0.01 |

Operating Data

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Production | | | |
| Tons ore milled | 100,548 | 101,167 | 56,401 |
| Ore grade silver (oz./ton) | 4.01 | 6.29 | 31.63 |
| Ore grade gold (oz./ton) | 0.0035 | 0.0082 | 0.04 |
| Recovery silver (%) | 80.3 | 83.2 | 88.3 |
| Recovery gold (%) | 72.2 | 74 | 84.1 |
| Silver produced (oz.) | 323,386 | 529,602 | 1,575,827 |
| Gold produced (oz.) | 257 | 615 | 1,838 |
| Cost per Ounce | | | |
| Cash operating costs | $49.77 | $32.79 | $13.16 |
| Other cash costs(4) | 0.94 | 1.29 | 0.98 |
| Cash costs(5) | 50.71 | 34.08 | 14.14 |
| Non-cash costs | 4.32 | 2.11 | 5.88 |
| Total production costs | $55.03 | $36.19 | $20.02 |

(1) Current ore reserves and mineralized material are effective as of December 31, 2012.

(2) Ore reserves and mineralized material estimates were prepared by O. Orosco (Mine Manager for the Martha mine) and the Company's technical staff.

(3) Ore reserves were defined with polygonal estimation using underground channels and drill hole samples. For probable reserves: An area demonstrating grade continuity with channel sample or drill hole spacing less than 25 meters. Mineralized material was similarly classified.

(4) Includes production taxes and royalties, if applicable.

(5) Cash costs per ounce of silver or gold represent a non-U.S. GAAP measurement that management uses to monitor and evaluate the performance of its mining operations. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Reconciliation of Non-GAAP Cash Costs to GAAP Production Costs."

Australia — New South Wales — Endeavor Mine

The Endeavor mine and associated mill facility is an underground silver and base metal operation located in north-central New South Wales, Australia, about 447 miles (720 kilometers) from Sydney. Access to the mine is by paved roads 30 miles (18 kilometers) to the northwest from the community of Cobar.

Production at the Endeavor mine in 2012 was 0.7 million ounces of silver compared to 0.6 million ounces of silver in 2011. The increase in silver production was due to a 6.4% increase in tons milled and a 23.5% increase in ore grades as compared to 2011. Cash operating costs and total cash costs per ounce of silver produced were $17.27 in 2012 compared to $18.87 in 2011. This decrease was due primarily to the increased production.

Metal sales at the Endeavor mine in 2012 were $18.8 million, all of which was derived from silver. Production costs totaled $8.8 million and depreciation and depletion costs were $4.6 million. The Company incurred no capital expenditures at the Endeavor mine in 2012.

The ore reserves at Endeavor are covered by five consolidated mining leases issued by the state of New South Wales to Cobar Operations Pty. Limited ("Cobar"), a wholly-owned subsidiary of CBH Resources Ltd. ("CBH"), which in turn is a wholly owned subsidiary of Toho Zinc Co. Ltd., a company listed on the Tokyo Stock Exchange. The leases form a contiguous block of 10,121 acres in size and expire between 2019 and 2027.

The Endeavor mine has been in production since 1983 and is owned and operated by CBH. On May 23, 2005, CDE Australia Pty. Ltd., a wholly-owned subsidiary of Coeur ("CDE Australia"), acquired all of the silver production and reserves, up to a maximum 17.7 million payable ounces, contained at the Endeavor Mine, which is owned and operated by CBH, for $44.0 million including transaction fees. Under the terms of the original agreement, CDE Australia paid Cobar $15.4 million of cash at the closing. In addition, CDE Australia agreed to pay Cobar approximately $26.5 million upon the receipt of a report confirming that the reserves at the Endeavor mine are equal to or greater than the reported ore reserves for 2004. In addition, CDE Australia originally committed to pay Cobar an operating cost contribution of $1.00 for each ounce of payable silver plus a further increment when the silver price exceeds $5.23 per ounce. This further increment was to have begun on the second anniversary of this agreement and is 50% of the amount by which the silver price exceeds $5.23 per ounce. A cost contribution of $0.25 per ounce is also payable

by CDE Australia in respect of new ounces of proven and probable silver reserves as they are discovered. During the first quarter of 2007, $2.1 million was paid for additional ounces of proven and probable silver reserves under the terms of the contract. This amount was capitalized as a cost of the mineral interests acquired and is being amortized using the units of production method. The Company is not required to contribute to ongoing capital costs at the mine.
On March 28, 2006, CDE Australia reached an agreement with CBH to modify the terms of the original silver purchase agreement. Under the modified terms, CDE Australia owns all silver production and reserves up to a total of 20.0 million payable ounces, up from 17.7 million payable ounces in the original agreement. The silver price-sharing provision was deferred until such time as CDE Australia had received approximately two million cumulative ounces of silver from the mine or June 2007, whichever was later. In addition, the silver price-sharing threshold increased to $7.00 per ounce, from the previous level of $5.23 per ounce. The conditions relating to the second payment were also modified and tied to certain paste fill plant performance criteria and mill throughput tests. In January 2008, the mine met the criteria for payment of the additional $26.2 million. This amount was paid on April 1, 2008, plus accrued interest at the rate of 7.5% per annum from January 24, 2008. Expansion of the ore reserve will be required to achieve the maximum payable ounces of silver production as set forth in the modified contract. It is expected that future expansion to the ore reserve will occur as a result of the conversion of portions of the property's existing inventory of mineralized material and future exploration discoveries near the mine.
The mine employs bulk mining methods and utilizes a conventional flotation mill to produce a concentrate that is sold to a third-party smelter. Silver recovery averaged approximately 41.0% in 2012 and 45.0% in 2011. Power to the mine and processing facilities is provided by the grid servicing the local communities. The property and equipment are maintained in good working condition by CBH through a regular preventive maintenance program with periodic improvements as required.
At Endeavor, silver, lead, zinc and lesser amounts of copper mineralization are contained within sulfide lenses hosted in fine-grained sedimentary rocks of the Paleozoic-aged Amphitheatre Group. Sulfide lenses are elliptically-shaped, steeply-dipping to the southwest and strike to the northwest. Principal ore minerals are galena, sphalerite and chalcopyrite. Silver occurs with both lead- and zinc-rich sulfide zones.
CBH conducts exploration to define new reserves at the mine from both underground and surface core drilling platforms. For fiscal year ended June 30, 2012, which is the fiscal year used by the operator (CBH), the exploration expenditure at the mine was $0.7 million ($0.7 million AUD). Budgeted exploration for 2013 is approximately $0.4 million ($0.4 million AUD).

Year-end Proven and Probable Ore Reserves — Endeavor Mine

| | 2012 (1, 2, 3, 4) | 2011 | 2010 |
|---|---|---|---|
| Proven | | | |
| Short tons (000's) | 2,258 | 2,635 | 3,472 |
| Ounces of silver per ton | 4.32 | 1.39 | 1.87 |
| Contained ounces of silver (000's) | 9,757 | 3,674 | 6,482 |
| Probable | | | |
| Short tons (000's) | 2,508 | 2,998 | 3,605 |
| Ounces of silver per ton | 1.43 | 2.5 | 3.73 |
| Contained ounces of silver (000's) | 3,588 | 7,501 | 13,457 |
| Proven and Probable | | | |
| Short tons (000's) | 4,766 | 5,633 | 7,077 |
| Ounces of silver per ton | 2.8 | 1.98 | 2.82 |
| Contained ounces of silver (000's) | 13,345 | 11,175 | 19,939 |

Year-end Mineralized Material — Endeavor Mine

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Short tons (000's) | 10,941 | 11,047 | 16,535 |
| Ounces of silver per ton | 2.21 | 2.64 | 1.82 |

Operating Data (Coeur's Share)

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Production | | | |
| Tons ore milled | 791,209 | 743,936 | 653,550 |
| Ore grade silver (oz./ton) | 2.26 | 1.83 | 1.96 |
| Recovery silver(%) | 41.0 | 45.0 | 44.3 |
| Silver produced (oz.) | 734,008 | 613,361 | 566,134 |
| Cost per Ounce of Silver | | | |
| Operating cash costs | $17.27 | $18.87 | $10.15 |
| Other cash costs | — | — | — |
| Cash costs(5) | 17.27 | 18.87 | 10.15 |
| Non-cash costs | 6.25 | 5.13 | 3.51 |
| Total production costs | $23.52 | $24.00 | $13.66 |

(1) Ore reserves are effective as of June 30, 2012, which is the end of the most recent fiscal year of the operator, CBH Resources Ltd. These totals do not include additions or depletions through December 31, 2012. Ore reserves were estimated with a cutoff grade of 7.0% combined lead and zinc. Metal prices used were $2,200 per metric ton of zinc, $2,200 per metric ton of lead, and $34.00 per ounce of silver.

(2) The ore reserves are underground and open pit minable. Dilution factors, ranging from 5% to 25%, and mining recovery factors, ranging from 40% to 95%, were applied to in-situ reserves depending on the type of planned mining extraction.

(3) Metallurgical recovery factor of 45% should be applied to the silver reserve ounces.

(4) The ore reserves and mineralized material estimates were prepared by the staff of the mine operator and reviewed by the staff of the Company's Technical Services Department. Classification of reserves is based on spacing from drill hole composites to reserve block centers. For proven reserves the maximum distance is 25 meters and for probable reserves it is 40 meters. A minimum of 5 drill hole samples from at least 2 drill holes are used in estimation of ore reserve grades. Mineralized material is similarly classified.

(5) Cash costs per ounce of silver represent a non U.S. GAAP measurement that management uses to monitor and evaluate the performance of its mining operations. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations; Reconciliation of Non-GAAP Cash Costs to GAAP Production Costs."

NON PRODUCING AND DEVELOPMENT PROPERTIES

Joaquin Project — Argentina

The Joaquin silver and gold development project (the "Joaquin Project") is located in the Santa Cruz province of southern Argentina approximately 43 miles (70kms) north of the Company's Martha mine. The property is accessed by all weather dirt roads, leading north-northeast from the town of Gobernador Gregores.

The Joaquin property encompasses over 70,819 acres (28,459 hectares) of exploration concessions ("Cateos") and discover concessions ("MDs").

In November 2006, the Company entered into an exploration and joint venture agreement with Mirasol Resources Ltd., for two properties termed Joaquin and Sascha (under terms of the agreement, the Company terminated its option interest in Sascha). In November 2007, the Company commenced exploration on the Joaquin property. Since that time the Company has defined silver and gold mineralization in two deposits at Joaquin - La Negra and La Morocha - and has recently commenced work on detailed drilling and other technical, economic and environmental programs which it expects will lead to completion of a feasibility study. On December 21, 2012, the Company completed its acquisition of the equity interests of Mirasol Argentina SRL in exchange for a total of approximately 1.3 million shares of Coeur common stock valued at $30.0 million, a total cash payment of approximately $30.0 million and assumption of liabilities of $0.1 million. Mirasol Argentina SRL holds the Joaquin silver-gold project in the Santa Cruz province of Argentina. Coeur previously held a 51% interest in the project. The transaction was accounted for as a purchase of assets and not as a business combination since Joaquin is considered to be in the exploration and development stage.

The geology of the Joaquin property consists dominantly of various volcanic rocks of the Jurassic-aged Chon Aike Formation, the host to most of the precious metal deposits discovered to-date in the Santa Cruz province, with lesser amounts of intrusive rocks associated with the Chon Aike Formation. Collectively, the volcanic and intrusive rock units form a prominent geologic domain in the province termed the Deseado Massif. Silver and Gold mineralization at Joaquin occurs in epithermal veins, breccia, stockwork veinlets and mantos within the favorable units of the Chon Aike Formation. Occurrences of lead and zinc mineralization have also been discovered. Locally, the rocks of the Deseado Massif are covered by Tertiary-aged basalt and younger unconsolidated sediments, that post-date silver and gold mineralization.

Exploration in 2012 consisted of geologic mapping, sampling, geophysical and geochemical surveys amounting to $5.8 million and the completion of 54,809 feet (16,706 meters) of core drilling. The 2013 exploration budget for Joaquin is $3.3 million.

Year-end Mineralized Material — Joaquin Development Property

| | 2012 (1,2,3,4) | 2011 | 2010 |
|---|---|---|---|
| Short tons (000’s) | 17,340 | 4,050 | — |
| Ounces of silver per ton | 3.76 | 2.48 | — |
| Ounces of gold per ton | 0.004 | 0.005 | |

(1) Mineralized material is effective as of December 31, 2012. Metal prices used to calculate mineralized material were $1,700 per ounce of gold and $33.00 per ounce of silver. Tons are shown, in 2012, reflecting the Company's current 100% interest in the Joaquin property.

(2) Mineralized material was estimated with surface mine parameters and initial metallurgical test results.

(3) Mineralized material estimates were prepared by a consulting engineering group from Santiago, Chile and supervised by A. Cruzat and C. Romo of the Company's exploration staff.

(4) Mineralized material was estimated using 3-dimensional geologic modeling and geostatistical evaluation of the exploration drill data. Blocks must be influenced by at least two different drill holes within a distance corresponding to 100% of the variogram range of each deposit.

EXPLORATION AND DEVELOPMENT ACTIVITY

Exploration and reserve development expenditures of $40.2 million, $26.3 million and $18.0 million were incurred by the Company in 2012, 2011 and 2010, respectively.

During 2012, the company drilled a total of 625,152 feet (190,546 meters) in its global exploration program. A total of 620,795 feet (189,218 meters) were drilled to explore for and define new silver and gold mineralization in existing operating areas and development properties. The remainder was drilled on the company's early stage properties in Chile. In addition, at the Kensington Mine in Alaska, 77,730 feet (23,692 meters) of tightly-spaced definition drilling was completed at Block K.

The main components of the 2012 program included:

- Drilling to expand known mineralized zones in and around the current Palmarejo surface and underground mine. The program was focused on the Tucson-Chapotillo zones with surface drilling and on the Rosario, 76 and 108 zones with underground drilling.
- Surface drilling to extend and define the Guadalupe and La Patria deposits in the Palmarejo district and initial testing of several new targets in the district.
- Surface drilling to expand the La Negra and La Morocha deposits within the Joaquin property located in the Santa Cruz province of southern Argentina. Exploration drilling at the Martha mine and the Lejano project area in Argentina was also conducted this year.
- Underground drilling to expand and define gold mineralization in the Raven vein at Kensington and test new targets peripheral to Kensington.
- Surface drilling to test extensions of the main north-northeast mineralized trends within the greater Rochester property and a large drilling program to evaluate the tons and grade of historic surface dumps and leach pads.
- New surface trenching and sampling at San Bartolomé in Bolivia.

Mexico

Exploration in Mexico was focused primarily in the Palmarejo district in the state of Chihuahua. A total of $19.9 million was spent in 2012 on mapping, sampling, drill target generation and drilling to identify and define new silver and gold mineralization. A total of 341,975 feet (104,234 meters) was completed, including 149,635 feet (45,609 meters) of surface and underground drilling completed around the current Palmarejo mine. The remainder was devoted to the Guadalupe and La Patria deposit areas and other new targets in the district. The budget for 2013 for exploration in Mexico is $15.8 million of which over 95% is to be allocated to the Palmarejo district.

USA — Kensington

Exploration in 2012 consisted of drilling 143,796 feet (43,829 meters) of core at Kensington. The majority of this work was devoted to in-fill drilling of Block K and the Raven vein. New drilling focused on Kensington South, the Ann Trend, Elmira

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vein and on surface drilling of the Jualin Mine. The Company plans for an additional underground drilling program in 2013 on Zone 10, Zone 50, Zone 30, Kensington South, Elmira vein, and Ann. Continued surface drilling is planned at the Jualin Mine and several other targets on the property. The total 2013 Kensington exploration budget is $8.6 million.

USA — Rochester

The Company conducted drilling programs on the Rochester North and West historic stockpiles and Northwest Rochester, Nevada Packard and South Mystic areas in 2012. These programs amounted to 138,121 feet (42,099 meters) of vertical and angled reverse circulation, Sonic® (rotary vibratory drilling) and core holes. The Company has allocated $3.5 million for exploration in 2013 at the greater Rochester property.

Argentina — Martha Mine

In 2012, the Company's exploration efforts at the Martha Mine consisted of 10,646 feet (3,245 meters) of core drilling in several locations around the mine and at the Company's Malbec target north of the mine. In September of 2012, the Company ceased active mining operations at Martha.

Argentina — Other Properties

Activities focused on the Joaquin property where a total of 54,809 feet of drilling (16,706 meters) was completed. Drilling at Joaquin during 2012 continued to return encouraging results on two targets: La Negra and La Morocha. Additional exploratory and definition drilling will continue in 2013 on this property. In 2010, the Company met its obligations, under its agreement with Mirasol Resources Ltd., to earn an initial 51% participating and managing equity interest in the Joaquin property. In 2012, the Company acquired Mirasol's 49% interest in Joaquin to establish 100% ownership. The purchase has been treated as an acquisition of mineral rights.

Lejano Project — Argentina

The Lejano silver and gold exploration-stage project is located in the Santa Cruz province of southern Argentina approximately 110 miles (180 kilometers) northwest of the Company's Martha mine and approximately 80 miles (130 kilometers) southeast of the town of Perito Moreno. The property is accessed by paved and all weather gravel roads, leading from the towns of Gobernador Gregores or from Perito Moreno.

The Lejano property encompasses over 82,000 acres (33,282 hectares) of exploration concessions within three groups of concessions and several exploration targets, including Cisne, Cerro Armando and Ciclon. In 2002 the Company acquired its initial interest in the Lejano area from Yamana S.R.L. as part of its purchase of the Martha mine and other properties in the province. The Company also controls other concessions in the Lejano area that are not subject to a royalty.

Lejano is located in the northwestern portion of the Deseado Massif in southern Argentina.  Host rocks to mineralization at Lejano are a sequence of Jurassic-aged volcanic rocks, predominantly tuffs and flows, assigned to the Chon Aike Formation.  The Chon Aike is major host to precious metal mineralization in the Deseado Massif. Silver and lesser gold and base metal mineralization at Lejano are hosted in three, known  west-northwest oriented, moderately- to steeply-dipping  structural zones.  The mineralized material reported herein was estimate from drilling in the South Ridge structural zone. Mineralization at Lejano occurs in silicified fractures, veins and fault zones. In general, the known mineralization at Lejano is well-oxidized to approximately 330 feet (100 meters) depth grading locally into sulfide.

Exploration in 2012 consisted of geologic mapping, sampling, geophysical and geochemical surveys, and drilling amounting to $1.4 million and the completion of 4,888 feet (1,490 meters) of core drilling. Favorable results from this program allowed for the estimation of the first mineralized material tons and average grades for South Ridge zone, one of three known mineralized zones on the Lejano project. The 2013 exploration budget for the Lejano area is $1.8 million.

Year-end Mineralized Material - Lejano Exploration-Stage Property

| | 2012 (1,2,3,4) | 2011 | 2010 |
|---|---|---|---|
| Short tons (000’s) | 1,233 | — | — |
| Ounces of silver per ton | 2.42 | — | — |
| Ounces of gold per ton | 0.008 | | |

(1)

Mineralized material is effective as of December 31, 2012. Metal prices used to calculate mineralized material were $1,700 per ounce of gold and $33.00 per ounce of silver.

(2) Mineralized material was estimated with surface mine parameters and initial metallurgical test results.

(3) Mineralized material estimates were prepared by a consulting engineering group from Santiago, Chile and supervised by A. Cruzat and C. Romo of the Company's exploration staff.

(4) Mineralized material was estimated using 3-dimensional geologic modeling and geostatistical evaluation of the exploration drill data. Blocks must be influenced by at least two different drill holes within a distance corresponding to 100% of the variogram range of each deposit.

Bolivia - San Bartolomé

In 2012, the Company completed trenching and sampling at several silver-bearing gravel deposits, called pallacos, to expand and define the known silver mineralization. A new target, called Pucka Loma, was sampled late in 2012. The Company has budgeted $0.7 million in 2013 for follow-up trenching and sampling around San Bartolomé and for land holding costs.

Chile - Other properties

In 2012, the Company tested its Carrizalillo gold and silver property, near Copiapo, Chile with 1,328 meters (4,357 feet) of core drilling. The 2013 exploration budget for Chile is $0.6 million, consisting of identification and evaluation of potential new mining properties and supervision of exploration within Argentina and Chile.

The Company plans to spend $40.1 million in exploration during 2013 with approximately 81% of the budget earmarked for expansion of ore reserves and mineralized material at or near its existing operations at San Bartolomé (Bolivia), Joaquin (Argentina), Palmarejo (Mexico), Kensington (Alaska), Rochester (Nevada), and on its large exploration land holdings in Santa Cruz, Argentina, which include the Lejano project.

Item 3. Legal Proceedings.

For a discussion of legal proceedings, see Note 23 — Litigation and Other Events to the consolidated financial statements included herein.

PART II

Item 4. Mine Safety Disclosure

Information pertaining to mine safety matters is reported in accordance with Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act in Exhibit 95.1 attached to this Form 10-K.

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company’s common stock is listed on the New York Stock Exchange (the “NYSE”) and the Toronto Stock Exchange (“TSX”). The following table sets forth, for the periods indicated, the high and low closing sales prices of the common stock as reported by the NYSE:

| | 2012 | | 2011 | |
|---|---|---|---|---|
| | High | Low | High | Low |
| First Quarter | $30.22 | $23.39 | $36.07 | $22.10 |
| Second Quarter | $24.32 | $16.35 | $37.59 | $22.41 |
| Third Quarter | $29.17 | $15.36 | $30.99 | $21.35 |
| Fourth Quarter | $31.86 | $22.06 | $29.85 | $19.30 |
| 2013 | | | | |
| First Quarter through February 20, 2013 | $25.20 | $18.81 | | |

The Company has not paid per share cash distributions or dividends on its common stock since 1996. Future distributions or dividends on the common stock, if any, will be determined by the Company’s Board of Directors and will depend upon the Company’s results of operations, financial condition, capital requirements and other factors.

On June 7, 2012, the Company announced that its Board of Directors has authorized a share repurchase program of up to $100 million of the Company's common equity. Common stock repurchase activity during the fourth quarter of 2012, all of which was under the repurchase program, was as follows (in thousands except for per share amounts):

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Dollar Value of Shares that May Yet Be Purchased Under the Plans |
|---|---|---|---|
| 10/1/2012 - 10/31/12 | | | $90,041 |
| 11/1/2012 - 11/30/12 | 417.2 | $23.94 | $80,052 |
| 12/1/2012 - 12/31/12 | — | — | $80,052 |
| Total | 417.2 | $23.94 | $80,052 |

On February 20, 2013, there were outstanding 90,434,354 shares of the Company’s common stock which were held by approximately 1,567 stockholders of record.

STOCK PERFORMANCE CHART
COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
AMONG COEUR D’ALENE MINES CORPORATION,
S&P 500 INDEX AND PEER GROUP INDEX

The following performance graph compares the performance of the Company's common stock during the period beginning December 31, 2007 and ending December 31, 2012 to the S&P 500 and a Peer Group Index consisting of the following companies: Agnico-Eagle Mines Limited, Goldcorp, Hecla Mining Company, IAMGold Corporation, Kinross Gold Corporation, Northgate Minerals Corporation, Pan American Silver Corporation, Centerra Gold Inc., and Stillwater Mining Company for the same period. The graph assumes a $100 investment in the Company's common stock and in each of the indexes at the beginning of the period, and a reinvestment of dividends paid on such investments throughout the period.

| | Dec. 2007 | Dec. 2008 | Dec. 2009 | Dec. 2010 | Dec. 2011 | Dec. 2012 |
|---|---|---|---|---|---|---|
| Coeur d’Alene Mines Corporation | 100 | 17.82 | 36.56 | 55.3 | 48.86 | 49.78 |
| S&P 500 Index | 100 | 62.99 | 79.65 | 91.64 | 93.57 | 108.53 |
| Peer Group Only | 100 | 85.39 | 107.06 | 130.37 | 102.61 | 97.51 |

This stock performance information is “furnished” and shall not be deemed to be “soliciting material” or subject to Rule 14A, shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, and shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date of this report and irrespective of any general incorporation by reference language in any such filing, except to the extent that it specifically incorporates the information by reference.

Item 6. Selected Financial Data

The following table summarizes certain selected consolidated financial data with respect to the Company and should be read in conjunction with the Consolidated Financial Statements and Notes thereto appearing elsewhere in this report.

| Income Statement Data: | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|
| Sales of metal | $895,492 | $1,021,200 | $515,457 | $300,361 | $129,285 |
| Production costs applicable to sales | (456,757) | (419,956) | (257,636) | (191,311) | (78,652) |
| Depreciation and depletion | (218,857) | (224,500) | (141,619) | (81,376) | (16,499) |
| Gross profit | 219,878 | 376,744 | 116,202 | 27,674 | 34,134 |
| Costs and expenses | | | | | |
| Administrative and general | 32,977 | 31,379 | 24,176 | 22,070 | 25,825 |
| Exploration | 26,270 | 19,128 | 14,249 | 13,056 | 17,838 |
| Loss on impairment and other | 5,825 | — | — | — | — |
| Pre-development, care, maintenance and other | 1,261 | 19,441 | 2,877 | 1,468 | 17,074 |
| Total costs and expenses | 66,333 | 69,948 | 41,302 | 36,594 | 60,737 |
| Operating income (loss) | 153,545 | 306,796 | 74,900 | (8,920) | (26,603) |
| Other income (expense) | | | | | |
| Gains (loss) on debt extinguishments | (1,036) | (5,526) | (20,300) | 31,528 | — |
| Fair value adjustments, net | (23,487) | (52,050) | (117,094) | (82,227) | 1,756 |
| Interest income and other, net | 14,436 | (6,610) | 771 | 1,648 | 4,023 |
| Interest expense, net of capitalized interest | (26,169) | (34,774) | (30,942) | (18,102) | (4,726) |
| Total other income (expense) | (36,256) | (98,960) | (167,565) | (67,153) | 1,053 |
| Income (loss) from continuing operations before income taxes | 117,289 | 207,836 | (92,665) | (76,073) | (25,550) |
| Income tax benefit (provision) | (68,612) | (114,337) | 9,481 | 33,071 | 17,387 |
| Income (loss) from continuing operations | 48,677 | 93,499 | (83,184) | (43,002) | (8,163) |
| Income (loss) from discontinued operations | — | — | (6,029) | (9,601) | 7,536 |
| Gain (loss) on sale of net assets of discontinued operation | — | — | (2,095) | 25,537 | — |
| Net income (loss) | $48,677 | $93,499 | $(91,308) | $(27,066) | $(627) |
| Other comprehensive income (loss) | (2,746) | (4,975) | (5) | — | (634) |
| COMPREHENSIVE INCOME (LOSS) | $45,931 | $88,524 | $(91,313) | $(27,066) | $(1,261) |
| Basic and Diluted Income (Loss) Per Share | | | | | |
| Basic income (loss) per share: | | | | | |
| Income (loss) from continuing operations | $0.54 | $1.05 | $(0.95) | $(0.6) | $(0.15) |
| Income (loss) from discontinued operations | — | — | (0.10) | 0.22 | 0.14 |
| Net income (loss) | $0.54 | $1.05 | $(1.05) | $(0.38) | $(0.01) |
| Diluted income (loss) per share: | | | | | |
| Income (loss) from continuing operations[2],[3] | $0.54 | $1.04 | $(0.95) | $(0.6) | $(0.15) |
| Income (loss) from discontinued operations[2],[3] | — | — | (0.1) | 0.22 | 0.14 |
| Net income (loss) | $0.54 | $1.04 | $(1.05) | $(0.38) | $(0.01) |
| Weighted average number of shares of common stock[1] | | | | | |
| Basic | 89,437 | 89,383 | 87,185 | 71,565 | 55,073 |
| Diluted | 89,603 | 89,725 | 87,185 | 71,565 | 55,073 |

| Balance Sheet Data: | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|
| Total assets | $3,221,401 | $3,264,441 | $3,157,527 | $3,054,035 | $2,928,121 |
| Working capital | $167,930 | $212,862 | $(4,506) | $(2,572) | $(8,533) |
| Long-term liabilities | $784,869 | $875,639 | $846,043 | $867,381 | $981,225 |
| Shareholders’ equity | $2,198,280 | $2,136,721 | $2,040,767 | $1,998,046 | $1,785,912 |

(1) In May 2009, Coeur's Board of Directors authorized a 1-for-10 reverse stock split which became effective on May 26, 2009. Consequently, previously reported amounts for weighted average number of shares of common stock have been adjusted to reflect the 1-for-10 reverse stock split.

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

(3) In August 2010, the Company sold its 100% interest in subsidiary Compañía Minera Cerro Bayo (“Minera Cerro Bayo”) to Mandalay Resources Corporation (“Mandalay”). The Company realized a loss on the sale of approximately $2.1 million, net of income taxes.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of Coeur and its subsidiaries for the three years ended December 31, 2012. It consists of the following subsections:

- “Overview” which provides a brief summary of the Company’s financial position and the primary factors affecting those results.
- “Critical Accounting Policies” which provides a discussion of the accounting policies Coeur considers critical because of their effect on the reported amounts of assets, liabilities, income and/or expenses in the Company’s consolidated financial statements and/or because they require different objectives or complex judgments by management.
- “Operating statistics and ore reserve estimates” which provides a summary of the consolidated production results for the three years ended December 31, 2012 and discussion of Coeur’s reported ore reserves.
- “Results of operations” which sets forth an analysis of the operating results for the last three years.
- “Liquidity and capital resources” which contains a discussion of the Company’s cash flows and liquidity, investing activities and financing activities, contractual obligations and environmental compliance expenditures.
- “Recently issued accounting pronouncements,” which summarizes recently published authoritative accounting guidance, how it might apply to Coeur, and how it might affect the Company’s future results.

Overview

The Company is a large primary silver producer with growing gold production and has assets located in the United States, Mexico, Bolivia, Argentina and Australia. The Palmarejo mine, San Bartolomé mine, Kensington mine and Rochester mine, each of which is operated by the Company, the Martha mine, which ceased active mining operations in September 2012, and the Endeavor mine, which is operated by a non-affiliated party, constituted the Company’s principal sources of mining revenues during 2012. Coeur is an Idaho corporation incorporated in 1928.

The Company’s business strategy is to discover, acquire, develop and operate low-cost silver and gold operations that will produce long-term cash flow, provide opportunities for growth through continued exploration, and generate superior and sustainable returns for shareholders. The Company’s management focuses on maximizing cash flow from its existing operations, the main elements of which are silver and gold prices, cash costs of production and capital expenditures. The Company also focuses on reducing its non-operating costs in order to maximize cashflow.

The results of the Company’s operations are significantly affected by fluctuation in prices of silver and gold, which may fluctuate widely and are affected by numerous factors beyond its control, including 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. In addition, The Company faces challenges including raising capital, increasing production and managing social, political and environmental issues. Operating costs at the Company's mines are subject to variation due to a number of factors such as changing commodity prices, ore grades, metallurgy, revisions to mine plans and changes in accounting principles. At foreign locations, operating costs are also influenced by currency fluctuations that may affect its U.S. dollar costs.

Highlights during 2012:

- Silver and gold prices averaged $31.16 per ounce and $1,669 per ounce in 2012, respectively. Silver reached a high of $36.88 per ounce on February 28, 2012 and a low of $26.39 per ounce on June 28, 2012. Gold reached a high of $1,792 per ounce on October 4, 2012 and a low of $1,540 per ounce on May 30, 2012.
- The Company produced a total of 18.0 million ounces of silver during 2012, which was a 5.5% decrease from 2011. The Company produced 226,486 ounces of gold during 2012, which was a 2.8% increase over 2011.
- Cash operating costs were $7.57 per silver ounce in 2012 compared with $6.31 per silver ounce in 2011.
- The Company experienced a 12.3% decrease in metal sales to $895.5 million compared to $1,021.2 million in 2011.
- Net cash provided by operating activities in 2012 was $271.6 million, compared to $416.2 million in 2011.
- The Company spent $115.6 million in capital expenditures, which represents a 3.6% decrease from 2011.

Critical Accounting Policies and Estimates

The information provided in this Form 10-K is based on the Company’s consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these statements requires that the Company make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of its financial statements, and the reported amounts of revenue and expenses during the reporting period. The Company bases these estimates on historical experience and on assumptions that it considers reasonable under the circumstances; however, reported results could differ from those based on the current estimates under different assumptions or conditions.

Management considers the policies discussed below to be most critical in understanding the judgments that are involved in preparing the Company's consolidated financial statements and the uncertainties that could affect its results of operations, financial condition, and cash flows. The effects and associated risks of these policies on its business operations are discussed throughout this discussion and analysis. The areas requiring the use of management’s estimates and assumptions relate to recoverable ounces from proven and probable reserves that are the basis of future cash flow estimates and units-of-production depreciation and amortization calculations; useful lives utilized for depreciation, depletion, and long lived assets; estimates of recoverable gold and silver ounces in ore on leach pad; reclamation and remediation costs; valuation allowance for deferred tax assets; and post-employment and other employee benefit liabilities. For a detailed discussion on the application of these and other accounting policies, see Note 3 — Summary of Significant Accounting Policies to the financial statements included herein.

Revenue Recognition. Revenue includes sales value received for the Company’s principal product, silver, and associated by-product revenues from the sale of by-product metals by its silver producing properties, consisting primarily of gold. Revenue is recognized when title to silver and gold passes to the buyer and when collectability is reasonably assured. Title passes to the buyer based on terms of the sales contract. Product pricing is determined at the point revenue is recognized by reference to active and freely traded commodity markets, for example, the London Bullion Market for both gold and silver, in an identical form to the product sold.

Under the Company’s concentrate sales contracts with third-party smelters, final gold and silver prices are set on a specified future quotational period, typically one to three months, after the shipment date based on market metal prices. Revenues are recorded under these contracts at the time title passes to the buyer based on the forward price for the expected settlement period. The contracts, in general, provide for provisional payment based upon provisional assays and quoted metal prices. Final settlement is based on the average applicable price for the specified future quotational period and generally occurs from three to six months after shipment. Final sales are settled using smelter weights and settlement assays (average of assays exchanged and/or umpire assay results) and are priced as specified in the smelter contract. The Company’s provisionally priced sales contain an embedded derivative that is required to be separated from the host contract for accounting purposes. The host contract is the receivable from the sale of concentrates at the forward price at the time of sale. The embedded derivative does not qualify for hedge accounting. The embedded derivative is recorded as a derivative asset in prepaid expenses and other assets or as a derivative liability in accrued liabilities and other on the balance sheet and is adjusted to fair value through revenue each period until the date of final gold and silver settlement. The form of the material being sold, after deduction for smelting and refining, is in an identical form to that sold on the London Bullion Market. The form of the product is metal in flotation concentrate, which is the final process for which the Company is responsible.

The effects of forward sales contracts are reflected in revenue at the date the related precious metals are delivered. Third-party smelting and refining costs are recorded as a reduction of revenue.
At December 31, 2012, the Company had outstanding provisionally priced sales of $33.2 million consisting of 0.4 million ounces of silver and 11,957 ounces of gold, which had a fair value of approximately $34.1 million including the embedded derivative. For each one cent per ounce change in realized silver price, revenue would vary (plus or minus) approximately $4 and

for each one dollar per ounce change in realized gold price, revenue would vary (plus or minus) approximately $12. At December 31, 2011, the Company had outstanding provisionally priced sales of $22.5 million consisting of 0.2 million ounces of silver and 9,701 ounces of gold, which had a fair value of approximately $21.7 million including the embedded derivative. For each one cent per ounce change in realized silver price, revenue would vary (plus or minus) approximately $2,000 and for each one dollar per ounce change in realized gold price, revenue would vary (plus or minus) approximately $9,700.

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

Impairments. The Company 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. An impairment is considered to exist if total estimated future cash flows or probability-weighted cash flows on an undiscounted basis are less than the carrying amount of the assets, including property, plant and equipment, mineral property, development property, and any deferred costs. The accounting estimates related to impairment are critical accounting estimates because the future cash flows used to determine whether an impairment exists is dependent on reserve estimates and other assumptions, including silver and gold prices, production levels, and capital and reclamation costs, all of which are based on detailed engineering life-of-mine plans.

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

Ore on leach pad. The heap leach process is a process of extracting silver and gold by placing ore on an impermeable pad and applying a diluted cyanide solution that dissolves a portion of the contained silver and gold, which are then recovered in metallurgical processes.

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

The Company reported ore on leach pad of $44.3 million as of December 31, 2012. Of this amount, $23.0 million is reported as a current asset and $21.3 million is reported as a non-current asset. The distinction between current and non-current is based upon the expected length of time necessary for the leaching process to remove the metals from the broken ore. The historical cost of the metal that is expected to be extracted within twelve months is classified as current and the historical cost of metals contained within the broken ore that will be extracted beyond twelve months is classified as non-current. Inventories of ore on leach pad are valued based on actual production costs incurred to produce and place ore on the leach pad, adjusted for effects on monthly production of costs of abnormal production levels, less costs allocated to minerals recovered through the leach process. The 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.

The estimate of both the ultimate recovery expected over time and the quantity of metal that may be extracted relative to the time the leach process occurs requires the use of estimates which are inherently inaccurate since they rely upon laboratory testwork. Testwork consists of 60 day leach columns from which the Company projects metal recoveries up to five years in the future. The quantities of metal contained in the ore are estimated 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 more than twenty years of leach pad operations at the Rochester mine. The assumptions used by the Company to measure metal content during each stage of the inventory conversion process includes estimated recovery rates based on laboratory testing and assaying. The Company periodically reviews its estimates compared to actual experience and revises its estimates when appropriate. The Company believes its current residual heap leach activities are expected to continue through 2015. The ultimate recovery will not be known until leaching operations cease. The Company estimated the number of ounces that are recoverable from the stage IV leach pad at December 31, 2012. If its estimate of ultimate recovery requires adjustment, the impact upon its valuation and upon its income statement would be as follows:

| | Positive/Negative Change in Recoverable Silver Ounces | | | Positive/Negative Change in Rcoverable Gold Ounces | | |
|---|---|---|---|---|---|---|
| | 5% | 10% | 15% | 5% | 10% | 15% |
| Quantity of recoverable ounces | 65,026 | 130,052 | 195,079 | 578 | 1,157 | 1,735 |
| Positive impact on future cost of production per silver equivalent ounce for increases in recoverable metal | $0.23 | $0.45 | $0.66 | $0.13 | $0.25 | $0.37 |
| Negative impact on future cost of production per silver equivalent ounce for decreases in recoverable metal | $(0.25) | $(0.51) | $(0.80) | $(0.13) | $(0.27) | $(0.41) |

Inventories of ore on leach pads are valued based upon actual production costs incurred to produce and place such ore on the leach pad during the current period, adjusted for the effects on monthly production of costs of abnormal production levels, less costs allocated to minerals recovered through the leach process.

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

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

Derivatives accounting. The Company recognizes all derivatives as either assets or liabilities on the balance sheet and measures those instruments at fair value. Changes in the value of derivative instruments are recorded each period in fair value adjustments, net.

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

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

not that they will not be realized.
The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax of multiple state and foreign jurisdictions. The Company has substantially concluded all U.S. federal income tax matters for years through 1999. Federal income tax returns for 2000 through 2011 are subject to examination. The Company’s practice is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company had accrued $2.5 million in interest and penalties at December 31, 2012, related to an item under audit review in Bolivia.
Operating Statistics and Ore Reserve Estimates
The Company's total production in 2012 was 18.0 million ounces of silver and 226,486 ounces of gold, compared to 19.1 million ounces of silver and 220,382 ounces of gold in 2011. Total estimated proven and probable reserves at December 31, 2012 were approximately 220.4 million ounces of silver and 2.0 million ounces of gold, compared to silver and gold ore reserves at December 31, 2011 of approximately 216.3 million ounces and 2.3 million ounces, respectively.

The following table shows the estimated amounts of proven and probable ore reserves and mineralized material at the following Company locations at year-end 2012:

| | Proven and Probable Ore Reserves | | | | | Mineralized Material | | |
|---|---|---|---|---|---|---|---|---|
| | (000's) Tons | Grade Ag oz/t | Grade Au oz/t | (000's) Ounces Ag | (000's) Ounces Au | (000's) Tons | Grade Ag oz/t | Grade Au oz/t |
| Palmarejo | 12,852 | 4.13 | 0.05 | 53,110 | 665 | 23,712 | 1.93 | 0.041 |
| San Bartolomé | 42,886 | 2.54 | — | 109,088 | — | 20,040 | 2.27 | — |
| Kensington | 4,667 | — | 0.22 | — | 1,016 | 2,606 | — | 0.202 |
| Rochester | 79,923 | 0.56 | 0.004 | 44,897 | 308 | 264,283 | 0.46 | 0.003 |
| Martha(1) | — | — | — | — | — | 57 | 13.57 | 0.02 |
| Endeavor | 4,766 | 2.8 | — | 13,345 | — | 10,941 | 2.21 | — |
| Joaquin Development Property(2) | — | — | — | — | — | 17,340 | 3.76 | 0.004 |
| Lejano Development Property | — | — | — | — | — | 1,233 | 2.42 | 0.008 |
| Total | 145,094 | | | 220,440 | 1,989 | 340,212 | | |
| | Total tons (000's) | Ag oz/t (Wt. Avg.) | Au oz/t (Wt. Avg.) | | | Total tons (000's) | Ag oz/t (Wt. Avg.) | Au oz/t (Wt. Avg.) |
| Summary by metal: | | | | | | | | |
| Silver | 140,427 | 1.57 | | | | 337,606 | 0.90 | |
| Gold | 97,442 | | 0.02 | | | 309,231 | | 0.008 |

(1) The Martha mine ceased active mining operations in September 2012.

(2) Tons are shown reflecting the Company's current 100% ownership in the Joaquin property.

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The following table presents production information by mine and consolidated sales information for the years ended December 31:

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| PRIMARY SILVER OPERATIONS: | | | |
| Palmarejo(1) | | | |
| Tons milled | 2,114,366 | 1,723,056 | 1,835,408 |
| Ore grade/Ag oz | 4.70 | 6.87 | 4.60 |
| Ore grade/Au oz | 0.05 | 0.08 | 0.06 |
| Recovery/Ag oz (%)(1) | 83.0 | 76.4 | 69.8 |
| Recovery/Au oz (%)(1) | 94.4 | 92.2 | 91.1 |
| Silver production ounces(3) | 8,236,013 | 9,041,488 | 5,887,576 |
| Gold production ounces(3) | 106,038 | 125,071 | 102,440 |
| Cash operating costs/oz(4) | $1.33 | $(0.97) | $4.10 |
| Cash cost/oz(4) | $1.33 | $(0.97) | $4.10 |
| Total production cost/oz | $19.26 | $16.80 | $19.66 |
| San Bartolomé | | | |
| Tons milled | 1,477,271 | 1,567,269 | 1,504,779 |
| Ore grade/Ag oz | 4.49 | 5.38 | 5.03 |
| Recovery/Ag oz (%) | 89.5 | 88.9 | 88.6 |
| Silver production ounces(3) | 5,930,394 | 7,501,367 | 6,708,775 |
| Cash operating costs/oz(4) | $11.76 | $9.10 | $7.87 |
| Cash cost/oz(4) | $12.95 | $10.64 | $8.67 |
| Total production cost/oz | $15.81 | $13.75 | $11.72 |
| Rochester2 | | | |
| Tons Mined | 11,710,795 | 2,028,889 | — |
| Ore grade/Ag oz | 0.55 | 0.47 | — |
| Ore grade/Au oz | 0.0047 | 0.0047 | — |
| Recovery/Ag oz (%)(2) | 57.0 | 165.1 | — |
| Recovery/Au oz (%)(2) | 89.9 | 75.6 | — |
| Silver production ounces(3) | 2,801,405 | 1,392,433 | 2,023,423 |
| Gold production ounces(3) | 38,066 | 6,276 | 9,641 |
| Cash operating costs/oz(4) | 9.62 | 22.97 | 2.93 |
| Cash cost/oz(4) | 11.65 | 24.82 | 3.78 |
| Total production cost/oz | 14.05 | 27.21 | 4.82 |

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Martha | | | |
| Tons milled | 100,548 | 101,167 | 56,401 |
| Ore grade/Ag oz | 4.01 | 6.29 | 31.63 |
| Ore grade/Au oz | 0.0035 | 0.0082 | 0.04 |
| Recovery/Ag oz (%) | 80.3 | 83.2 | 88.3 |
| Recovery/Au oz (%) | 72.2 | 74.0 | 84.1 |
| Silver production ounces | 323,386 | 529,602 | 1,575,827 |
| Gold production ounces | 257 | 615 | 1,838 |
| Cash operating costs/oz(4) | $49.77 | $32.79 | $13.16 |
| Cash cost/oz(4) | $50.71 | $34.08 | $14.14 |
| Total production cost/oz | $55.03 | $36.19 | $20.02 |
| Endeavor | | | |
| Tons milled | 791,209 | 743,936 | 653,550 |
| Ore grade/Ag oz | 2.26 | 1.83 | 1.96 |
| Recovery/Ag oz (%) | 41.0 | 45.0 | 44.3 |
| Silver production ounces | 734,008 | 613,361 | 566,134 |
| Cash operating costs/oz(4) | $17.27 | $18.87 | $10.15 |
| Cash cost/oz(4) | $17.27 | $18.87 | $10.15 |
| Total production cost/oz | $23.52 | $24.00 | $13.66 |
| GOLD OPERATIONS: | | | |
| Kensington | | | |
| Tons milled | 394,780 | 415,340 | 174,028 |
| Ore grade/Au oz | 0.22 | 0.23 | 0.28 |
| Recovery/Au oz (%) | 95.6 | 92.7 | 89.9 |
| Gold production ounces(3) | 82,125 | 88,420 | 43,143 |
| Cash operating costs/oz(4) | $1,358 | $1,088 | $989 |
| Cash cost/oz(4) | $1,358 | $1,088 | $989 |
| Total production cost/oz | $1,865 | $1,494 | $1,394 |
| CONSOLIDATED PRODUCTION TOTALS | | | |
| Silver ounces(3) | 18,025,206 | 19,078,251 | 16,761,735 |
| Gold ounces(3) | 226,486 | 220,382 | 157,062 |
| Cash operating costs/oz(4) | $7.57 | $6.31 | $6.53 |
| Cash cost per oz/silver(4) | $8.30 | $7.09 | $7.05 |
| Total production cost/oz | $18.14 | $17.14 | $14.52 |
| CONSOLIDATED SALES TOTALS | | | |
| Silver ounces sold(3) | 17,965,383 | 19,057,503 | 17,221,335 |
| Gold ounces sold(3) | 213,185 | 238,551 | 130,142 |
| Realized price per silver ounce | $30.92 | $35.15 | $20.99 |
| Realized price per gold ounce | $1,665 | $1,558 | $1,237 |

(1) Palmarejo commenced commercial production on April 20, 2009. Mine statistics do not represent normal operating results

(2) The leach cycle at Rochester requires 5 to 10 years to recover gold and silver contained in the ore. The Company estimates the metallurgical recovery to be approximately 61% for silver and 92% for gold. Current recovery may vary significantly from ultimate recovery. See Critical Accounting Policies and Estimates — Ore on Leach Pad.

(3) Current production ounces and recoveries reflect final metal settlements of previously reported production ounces.

(4) See "Reconciliation of Non-GAAP Cash Costs to GAAP Production Costs."

Reconciliation of Non-GAAP Cash Costs to GAAP Production Costs

In this Form 10-K, the Company has disclosed certain non-U.S. GAAP measures, such as “cash costs”, “cash operating costs” and related per ounce measures. These measures are used in the mining industry and by the Company's management to measure, across periods, the net cash flow generated by mining operations. The Company cannot assure investors that other mining companies will calculate these measures in the same manner that the Company does.

Production costs is the closest comparable U.S. GAAP measure for these measures. Accordingly, we have provided in the tables below a reconciliation of cash costs and cash operating costs to production costs. The corresponding per ounce measures can be calculated by dividing cash costs or cash operating costs, as applicable, by the number of ounces of silver or gold produced at the business unit.

Cash costs reflect the direct and overhead cash costs arising from the physical activities involved in producing metal. These costs include the cost of mining, processing and other plant costs, third-party refining and smelting costs, marketing expenses, on-site general and administrative expenses, royalties and mining production taxes, but net of by-product revenues earned from selling metals other than the primary metal produced by the business unit. Cash costs exclude certain amounts required to be included in production costs (which amounts can be substantial), including third-party smelting costs, by-product credits, inventory adjustments and other non-cash charges.

Cash operating costs are calculated as cash costs less royalties and production taxes.

Reconciliation of Non-U.S. GAAP Cash Costs to U.S. GAAP Production Costs

Year Ended December 31, 2012

| (In thousands except ounces and per ounce costs) | Palmarejo | San Bartolomé | Kensington | Rochester | Martha[1] | Endeavor | Total |
|---|---|---|---|---|---|---|---|
| Total Cash Operating Cost (Non-U.S. GAAP) | $10,958 | $69,771 | $111,499 | $26,959 | $16,094 | $12,675 | $247,956 |
| Royalties | — | 7,084 | — | 3,487 | 306 | — | 10,877 |
| Production taxes | — | — | — | 2,195 | — | — | 2,195 |
| Total Cash Costs (Non-U.S. GAAP) | $10,958 | $76,855 | $111,499 | $32,641 | $16,400 | $12,675 | $261,028 |
| Add/Subtract: | | | | | | | |
| Third party smelting costs | — | — | (10,910) | — | (3,943) | (3,648) | (18,501) |
| By-product credit | 176,237 | — | — | 63,440 | 422 | — | 240,099 |
| Other adjustments | 1,108 | 256 | 17 | (1,355) | 882 | — | 908 |
| Change in inventory | 9,175 | (5,683) | (13,517) | (20,470) | 3,922 | (204) | (26,777) |
| Depreciation, depletion and amortization | 146,557 | 16,707 | 41,645 | 8,065 | 515 | 4,591 | 218,080 |
| Production costs applicable to sales, including depreciation, depletion and amortization (U.S. GAAP) | $344,035 | $88,135 | $128,734 | $82,321 | $18,198 | $13,414 | $674,837 |
| Production of silver (ounces) | 8,236,013 | 5,930,394 | — | 2,801,405 | 323,386 | 734,008 | 18,025,206 |
| Cash operating cost per silver ounce | $1.33 | $11.76 | $— | $9.62 | $49.77 | $17.27 | $7.57 |
| Cash costs per silver ounce | $1.33 | $12.95 | $— | $11.65 | $50.71 | $17.27 | $8.30 |
| Production of gold (ounces) | — | — | 82,125 | — | — | — | 82,125 |
| Cash operating cost per gold ounce | $— | $— | $1,358 | $— | $— | $— | $1,358 |
| Cash cost per gold ounce | $— | $— | $1,358 | $— | $— | $— | $1,358 |

| Year Ended December 31, 2011 (In thousands except ounces and per ounce costs) | Palmarejo | San Bartolomé | Kensington | Rochester | Martha(1) | Endeavor | Total |
|---|---|---|---|---|---|---|---|
| Total Cash Operating Cost (Non-U.S. GAAP) | $(8,743 ) | $68,277 | $96,234 | $31,978 | $17,367 | $11,573 | $216,686 |
| Royalties | — | 11,561 | — | 2,177 | 685 | — | 14,423 |
| Production taxes | — | — | — | 409 | — | — | 409 |
| Total Cash Costs (Non-U.S. GAAP) | $(8,743 ) | $79,838 | $96,234 | $34,564 | $18,052 | $11,573 | $231,518 |
| Add/Subtract: | | | | | | | |
| Third party smelting costs | — | — | (11,003 ) | — | (2,882 ) | (2,872 ) | (16,757 ) |
| By-product credit | 197,342 | — | — | 9,898 | 949 | — | 208,189 |
| Other adjustments | 1,441 | 906 | 19 | 522 | 559 | — | 3,447 |
| Change in inventory | (3,839 ) | (1,065 ) | 16,422 | (16,727 ) | (1,165 ) | (67 ) | (6,441 ) |
| Depreciation, depletion and amortization | 159,231 | 22,408 | 35,839 | 2,807 | 554 | 3,148 | 223,987 |
| Production costs applicable to sales, including depreciation, depletion and amortization (U.S. GAAP) | $345,432 | $102,087 | $137,511 | $31,064 | $16,067 | $11,782 | $643,943 |
| Production of silver (ounces) | 9,041,488 | 7,501,367 | — | 1,392,433 | 529,602 | 613,361 | 19,078,251 |
| Cash operating cost per silver ounce | $(0.97 ) | $9.10 | $— | $22.97 | $32.79 | $18.87 | $6.31 |
| Cash costs per silver ounce | $(0.97 ) | $10.64 | $— | $24.82 | $34.08 | $18.87 | $7.09 |
| Production of gold (ounces) | — | — | 88,420 | — | — | — | 88,420 |
| Cash operating cost per gold ounce | $— | $— | $1,088.37 | $— | $— | $— | $1,088.37 |
| Cash cost per gold ounce | $— | $— | $1,088.37 | $— | $— | $— | $1,088.37 |

| Year Ended December 31, 2010 (In thousands except ounces and per ounce costs) | Palmarejo(2) | San Bartolomé | Kensington | Rochester | Martha(1) | Endeavor | Total |
|---|---|---|---|---|---|---|---|
| Total Cash Operating Cost (Non-U.S. GAAP) | $ 24,164 | $52,810 | $ 42,652 | $5,932 | $20,730 | $ 5,747 | $152,035 |
| Royalties | — | 5,384 | — | 174 | 1,548 | — | 7,106 |
| Production taxes | — | — | — | 1,540 | — | — | 1,540 |
| Total Cash Costs (Non-U.S. GAAP) | $ 24,164 | $58,194 | $ 42,652 | $7,646 | $22,278 | $ 5,747 | $160,681 |
| Add/Subtract: | | | | | | | |
| Third party smelting costs | — | — | (4,599 ) | | | | |