Regency Energy Partners LP
Form 10-K
March 01, 2010
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2009

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number: 000-51757

REGENCY ENERGY PARTNERS LP

(Exact name of registrant as specified in its charter)

Delaware	**16-1731691**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
2001 Bryan Street Suite 3700, Dallas, Texas	**75201**
(Address of principal executive offices)	**(Zip Code)**

(214) 750-1771

(Registrant s telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report): None

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Units of Limited Partner Interests	**The Nasdaq Global Select Market**

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 x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange 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 ¨ 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 small reporting company in Rule 12b-2 of the Exchange Act. x Large accelerated filer ¨ Accelerated filer ¨ Non-accelerated filer (Do not check if a smaller reporting company) ¨ Smaller reporting company

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

As of June 30, 2009, the aggregate market value of the registrant s common units held by non-affiliates of the registrant was $821,947,250 based on the closing sale price as reported on the NASDAQ Global Select Market.

There were 93,174,103 common units outstanding as of February 23, 2010.

DOCUMENTS INCORPORATED BY REFERENCE

None

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REGENCY ENERGY PARTNERS LP

ANNUAL REPORT ON FORM 10-K

FOR THE YEAR ENDED DECEMBER 31, 2009

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Introductory Statement

References in this report to the Partnership, we, our, us and similar terms, when used in an historical context, refer to Regency Energy Partne LP, and to Regency Gas Services LLC, all the outstanding member interests of which were contributed to the Partnership on February 3, 2006, and its subsidiaries. When used in the present tense or prospectively, these terms refer to the Partnership and its subsidiaries. We use the following definitions in this annual report on Form 10-K:

Name	Definition or Description
Alinda	Alinda Capital Partners LLC, a Delaware limited liability company that is an independent private investment firm specializing in infrastructure investments
Alinda Investor I	Alinda Gas Pipelines I, L.P., a Delaware limited partnership
Alinda Investor II	Alinda Gas Pipelines II, L.P., a Delaware limited partnership
Alinda Investors	Alinda Investor I and Alinda Investor II, collectively
ASC	ASC Hugoton LLC, an affiliate of GECC
Bbls/d	Barrels per day
Bcf	One billion cubic feet
Bcf/d	One billion cubic feet per day
BTU	A unit of energy needed to raise the temperature of one pound of water by one degree Fahrenheit
CDM	CDM Resource Management LLC
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act
CFTC	Commodity Futures Trading Commission
DHS	Department of Homeland Security
DOT	U.S. Department of Transportation
EFS Haynesville	EFS Haynesville, LLC, a 100 percent owned subsidiary of GECC
EIA	Energy Information Administration
Enbridge	Enbridge Pipelines (NE Texas), LP, Enbridge Pipeline (Texas Interstate), LP and Enbridge Pipelines (Texas Gathering), LP
EnergyOne	FrontStreet EnergyOne LLC
El Paso	El Paso Field Services, LP
EPA	Environmental Protection Agency
FASB	Financial Accounting Standards Board
FASB ASC	FASB Accounting Standards Codification
FASB ASU	FASB Accounting Standards Update
FERC	Federal Energy Regulatory Commission
Finance Corp.	Regency Energy Finance Corp., a wholly-owned subsidiary of the Partnership
FrontStreet	FrontStreet Hugoton LLC, a wholly-owned subsidiary of the Partnership
GAAP	Accounting principles generally accepted in the United States
GE	General Electric Company
GE EFS	General Electric Energy Financial Services, a unit of GECC, combined with Regency GP Acquirer LP and Regency LP Acquirer LP
GECC	General Electric Capital Corporation, an indirect wholly owned subsidiary of GE
General Partner	Regency GP LP, the general partner of the Partnership, or Regency GP LLC, the general partner of Regency GP LP, which effectively manages the business and affairs of the Partnership through Regency Employees Management LLC
GPM	Gallons per minute
GSTC	Gulf States Transmission Corporation, a wholly-owned subsidiary of the Partnership
HLPSA	Hazardous Liquid Pipeline Safety Act
HM Capital Investors	Regency Acquisition LP, HMTF Regency L.P., HM Capital Partners and funds managed by HM Capital Partners, including Fund V, and certain Co-investors, including some of the directors and officers of the General Partner.
HM Capital Partners	HM Capital Partners LLC

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Name	Definition or Description
HPC	RIGS Haynesville Partnership Co., a general partnership that owns 100 percent of RIG
ICA	Interstate Commerce Act
IDRs	Incentive Distribution Rights
IPO	Initial Public Offering of Securities
IRS	Internal Revenue Service
Lehman	Lehman Brothers Holdings, Inc.
LIBOR	London Interbank Offered Rate
LTIP	Long-Term Incentive Plan
MLP	Master Limited Partnership
MMbtu	One million BTUs
MMbtu/d	One million BTUs per day
MMcf	One million cubic feet
MMcf/d	One million cubic feet per day
MQD	Minimum Quarterly Distribution
NAAQS	National Ambient Air Quality Standards
Nasdaq	Nasdaq Stock Market, LLC
Nexus	Nexus Gas Holdings, LLC
NGA	Natural Gas Act of 1938
NGLs	Natural gas liquids, including ethane, propane, butane and natural gasoline
NGPA	Natural Gas Policy Act of 1978
NGPSA	Natural Gas Pipeline Safety Act of 1968, as amended
NOE	Notice of Enforcement
NPDES	National Pollutant Discharge Elimination System
NYMEX	New York Mercantile Exchange
OSHA	Occupational Safety and Health Act
Partnership	Regency Energy Partners LP
Pueblo	Pueblo Midstream Gas Corporation, a wholly-owned subsidiary of the Partnership
RCRA	Resource Conservation and Recovery Act
Regency HIG	Regency Haynesville Intrastate Gas LLC, a wholly owned subsidiary of the Partnership
RFS	Regency Field Services LLC, a wholly-owned subsidiary of the Partnership
RGS	Regency Gas Services LP, a wholly-owned subsidiary of the Partnership
RIG	Regency Intrastate Gas LP, a wholly-owned subsidiary of HPC, which was converted from Regency Intrastate Gas LLC upon HPC formation
RIGS	Regency Intrastate Gas System
SCADA	System Control and Data Acquisition
SEC	Securities and Exchange Commission
Sonat	Southern Natural Gas Company
TCEQ	Texas Commission on Environmental Quality
Tcf	One trillion cubic feet
Tcf/d	One trillion cubic feet per day
TexStar	TexStar Field Services, L.P. and its general partner, TexStar GP, LLC
TRRC	Texas Railroad Commission
WTI	West Texas Intermediate Crude

Cautionary Statement about Forward-Looking Statements

Certain matters discussed in this report include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Forward-looking statements are identified as any statement that does not relate strictly to historical or current facts. Statements using words such as anticipate, believe, intend, project, pl expect, continue, estimate, goal, forecast, may or similar expressions help identify

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forward-looking statements. Although we believe our forward-looking statements are based on reasonable assumptions and current expectations and projections about future events, we cannot give assurances that such expectations will prove to be correct. Forward-looking statements are subject to a variety of risks, uncertainties and assumptions, including without limitation the following:

- volatility in the price of oil, natural gas, and natural gas liquids;
- declines in the credit markets and the availability of credit for us as well as for producers connected to our system and our customers;
- the level of creditworthiness of, and performance by, our counterparties and customers;
- our access to capital to fund organic growth projects and acquisitions, and our ability to obtain debt or equity financing on satisfactory terms;
- our use of derivative financial instruments to hedge commodity and interest rate risks;
- the amount of collateral required to be posted from time-to-time in our transactions;
- changes in commodity prices, interest rates, and demand for our services;
- changes in laws and regulations impacting the midstream sector of the natural gas industry;
- weather and other natural phenomena;
- industry changes including the impact of consolidations and changes in competition;
- regulation of transportation rates on our natural gas pipelines;
- our ability to obtain required approvals for construction or modernization of our facilities and the timing of production from such facilities; and
- the effect of accounting pronouncements issued periodically by accounting standard setting boards.

If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may differ materially from those anticipated, estimated, projected or expected.

Other factors that could cause our actual results to differ from our projected results are discussed in Item 1A of this annual report.

Each forward-looking statement speaks only as of the date of the particular statement and we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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Item 1. Business

OVERVIEW

We are a growth-oriented publicly-traded Delaware limited partnership, formed in 2005, engaged in the gathering, processing, contract compression and transportation of natural gas and NGLs. We provide these services through systems located in Louisiana, Texas, Arkansas, Pennsylvania and the mid-continent region of the United States, which includes Kansas, Colorado, and Oklahoma. Our midstream assets are located in historically well-established areas of natural gas production that have been characterized by long-lived, predictable reserves.

We divide our operations into four business segments:

- *Gathering and Processing:* We provide wellhead-to-market services to producers of natural gas, which include transporting raw natural gas from the wellhead through gathering systems, processing raw natural gas to separate NGLs and selling or delivering the pipeline-quality natural gas and NGLs to various markets and pipeline systems;

- *Transportation*: We own a 43 percent interest in HPC, which, through RIGS, delivers natural gas from northwest Louisiana to markets as well as downstream pipelines in northeast Louisiana through a 450 mile intrastate pipeline system;

- *Contract Compression*: We provide turn-key natural gas compression services whereby we guarantee our customers 98 percent mechanical availability of our compression units for land installations and 96 percent mechanical availability for over-water installations; and

- *Corporate and Others*: We own and operate an interstate pipeline that consists of 10 miles of pipeline that extends from Harrison County, Texas to Caddo Parish, Louisiana. This pipeline has a FERC certificated capacity of 150 MMcf/d.

The following map depicts the geographic areas of our operations.

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RECENT DEVELOPMENTS

Subsequent to December 31, 2009, our Contract Compression segment placed in service approximately 3,000 revenue generating horsepower in Pennsylvania to compress natural gas in the Marcellus Shale and we are currently working with customers as to the timing of placing in service an additional revenue generating horsepower of approximately 4,000 in 2010.

INDUSTRY OVERVIEW

General. The midstream natural gas industry is the link between exploration and production of raw natural gas and the delivery of its components to end-user markets. It consists of natural gas gathering, compression, dehydration, processing and treating, fractionation, and transportation. Raw natural gas produced from the wellhead is gathered and often delivered to a plant located near the production, where it is treated, dehydrated, and/or processed. Natural gas processing involves the separation of raw natural gas into pipeline quality natural gas, principally methane, and mixed NGLs. Natural gas treating entails the removal of impurities, such as water, sulfur compounds, carbon dioxide and nitrogen. Pipeline-quality natural gas is delivered by interstate and intrastate pipelines to markets. Mixed NGLs are typically transported via NGL pipelines or by truck to fractionators, which separates the NGLs into their components, such as ethane, propane, normal butane, isobutane and natural gasoline. The NGL components are then sold to end users.

The following diagram depicts our role in the process of gathering, processing, compression and transporting natural gas.

Gathering. A gathering system typically consists of a network of small diameter pipelines and, if necessary, a compression system which together collects natural gas from points near producing wells and transports it to processing or treating plants or larger diameter pipelines for further transportation.

Compression. Ideally-designed gathering systems are operated at pressures that maximize the total through-put volumes from all connected wells. Natural gas compression is a mechanical process in which a volume of gas at a lower pressure is boosted, or compressed, to a desired higher pressure, allowing the gas to flow into a higher pressure downstream pipeline to be transported to market. Since natural gas wells produce gas at progressively lower field pressures as they age, this raw natural gas must be compressed to deliver the remaining production at higher pressures in the existing connected gathering system. This field compression is typically used to lower the suction (entry) pressure, while maintaining or increasing the discharge (exit) pressure to the gathering system which allows the well production to flow at a lower receipt pressure while providing sufficient pressure to deliver gas into a higher pressure downstream pipeline.

Amine Treating. The amine treating process involves a continuous circulation of a liquid chemical called amine that physically contacts with the natural gas. Amine has a chemical affinity for hydrogen sulfide and carbon dioxide that allows it to absorb these impurities from the gas. After mixing in the contact vessel, the gas and amine are separated, and the impurities are removed from the amine by heating. The treating plants are sized according to the amine circulation rate in terms of GPM.

Processing. Natural gas processing involves the separation of natural gas into pipeline quality natural gas and a mixed NGL stream. The principal component of natural gas is methane, but most natural gas also contains

varying amounts of heavier hydrocarbon components, or NGLs. Natural gas is described as lean or rich depending on its content of NGLs. Most natural gas produced by a well is not suitable for long-haul pipeline transportation or commercial use because it contains NGLs and impurities. Removal and separation of individual hydrocarbons by processing is possible because of differences in weight, boiling point, vapor pressure and other physical characteristics.

Fractionation. NGL fractionation facilities separate mixed NGL streams into discrete NGL products: ethane, propane, normal butane, isobutane and natural gasoline. Ethane is primarily used in the petrochemical industry as feedstock for ethylene, one of the basic building blocks for a wide range of plastics and other chemical products. Propane is used both as a petrochemical feedstock in the production of propylene and as a heating fuel, an engine fuel and an industrial fuel. Normal butane is used as a petrochemical feedstock in the production of butadiene (a key ingredient in synthetic rubber) and as a blend stock for motor gasoline. Isobutane is typically fractionated from mixed butane (a stream of normal butane and isobutane in solution), principally for use in enhancing the octane content of motor gasoline. Natural gasoline, a mixture of pentanes and heavier hydrocarbons, is used primarily as motor gasoline blend stock or petrochemical feedstock. We do not own or operate any NGL fractionation facilities.

Transportation. Natural gas transportation consists of moving pipeline-quality natural gas from gathering systems, processing or treating plants and other pipelines and delivering it to wholesalers, utilities and other pipelines.

Overview of U.S. market. The midstream industry is generally characterized by regional competition based on the proximity of gathering systems and processing plants to natural gas wells. Natural gas remains a critical component of energy consumption in the United States. According to the EIA, total annual production of natural gas is expected to increase 14 percent from 20.6 Tcf in 2008 to 23.3 Tcf in 2035. Natural gas production from shale formations is expected to grow to 6.0 Tcf by 2035, more than offsetting the decline in conventional production. EIA projects that natural gas and renewable power plants will account for the majority of electricity generation capacity addition by 2035.

Short-Term Energy Outlook. At December 31, 2009, the working natural gas drilling rig count totaled 759 compared to 665 in mid July of 2009, a 14 percent increase. EIA expects a 3 percent decline in natural gas production in 2010 due to the natural decline in existing well production and the lagged effect of reduced drilling. EIA also expects production to increase by 1.3 percent in 2011. Demand for natural gas in 2010 is expected to remain unchanged. EIA expects that higher prices for natural gas in 2010 will drive lower consumption in the electric power generation sector by 2.8 percent; this decline is expected to be offset by growth in the residential, commercial and industrial sectors. EIA projects that natural gas consumption in 2011 will increase by 0.4 percent, led by a 2.5 percent increase in consumption in the industrial sector. The industrial and electricity generation sectors currently account for the largest usage of natural gas in the United States.

EIA forecasts demand for crude oil and NGLs to increase in years 2010 and 2011. Total petroleum consumption is forecasted to increase by 1.1 percent in 2010, with all of the major sectors contributing to this increase.

GATHERING AND PROCESSING OPERATIONS

General. We operate gathering and processing assets in five geographic regions of the United States: north Louisiana, the mid-continent region of the United States, and east, south and west Texas. We contract with producers to gather raw natural gas from individual wells or central delivery points, which may have multiple wells behind them, located near our processing plants, treating facilities and/or gathering systems. Following the execution of a contract, we connect wells and central delivery points to our gathering lines through which the raw natural gas flows to a processing plant, treating facility or directly to interstate or intrastate gas transportation pipelines. At our processing plants and treating facilities, we remove impurities from the raw natural gas stream

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and extract the NGLs. We also perform a producer service function, whereby we purchase natural gas from producers at gathering systems and plants and sell this gas at downstream outlets.

All raw natural gas flowing through our gathering and processing facilities is supplied under gathering and processing contracts having terms ranging from month-to-month to the life of the oil and gas lease. For a description of our contracts, please read Our Contracts and Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations Our Operations.

The pipeline-quality natural gas remaining after separation of NGLs through processing is either returned to the producer or sold, for our own account or for the account of the producer, at the tailgates of our processing plants for delivery to interstate or intrastate gas transportation pipelines.

The following table sets forth information regarding our gathering systems and processing plants as of December 31, 2009.

Region	Pipeline Length (Miles)	Plants	Compression (Horsepower)
North Louisiana	407	4	58,937
East Texas	371	1	20,009
South Texas	541	2	24,779
West Texas	806	1	58,008
Mid-Continent	3,470	1	43,519
Total	5,595	9	205,252

North Louisiana Region. Our north Louisiana region assets include:

Two cryogenic natural gas processing facilities;

A large integrated natural gas gathering and processing system located primarily in four parishes (Claiborne, Union, Lincoln, and Ouachita) of north Louisiana;

The Logansport Gathering System, which provides natural gas gathering, dehydration and compression services for producers in Shelby County, Texas and Desoto Parish, Louisiana. In 2009, we announced Logansport Expansion Phase I, a $47,000,000 extension of the Logansport Gathering System in north Louisiana, and Logansport Expansion Phase II, a $40,000,000 expansion to gather gas from acreage dedicated to Logansport Expansion Phase I. Logansport Expansion Phase I is expected to add approximately 485 MMcf/d of gathering capacity and add approximately 300 MMcf/d of new delivery interconnect capacity to CenterPoint Gas Transmission s Line CP. Logansport Expansion Phase II includes the construction of an amine treating plant with capacity of 300 MMcf/d, approximately 15 miles of gathering lines and expanded interconnect capacity at Tennessee Gas Pipeline and Crosstex LIG, LLC by 100 MMcf/d and 35 MMcf/d, respectively. The Logansport Expansion Phase I and II projects are expected to be completed during 2010; and

A refrigeration plant located in Bossier Parish and a conditioning plant in Webster Parish.

Through the gathering and processing systems described above and their interconnections with HPC s pipeline system in north Louisiana described in Transportation Operations, we offer producers wellhead-to-market services, including natural gas gathering, compression, processing and transportation.

East Texas Region. Our east Texas assets gather, compress, process and dehydrate natural gas through a large integrated natural gas gathering and processing system located in Rains, Wood, Van Zandt, Henderson, Franklin, and Hopkins counties that delivers natural gas to our east Texas

processing plant. Our east Texas processing plant is a cryogenic natural gas processing plant that was constructed in Henderson County, Texas in

1981. It includes an amine treating unit, a cryogenic NGL recovery unit, a nitrogen rejection unit, and a liquid sulfur recovery unit. This plant removes hydrogen sulfide, carbon dioxide and nitrogen from the natural gas stream, recovers NGLs and condensate, delivers pipeline quality natural gas at the plant outlet and produces sulfur.

The natural gas supply for our east Texas gathering systems comes primarily from natural gas wells that are located in a mature basin that generally have long lives, predictable gas flow rates, and high levels of hydrogen sulfide.

South Texas Region. Our south Texas assets gather, compress, treat, and dehydrate natural gas in LaSalle, Webb, Karnes, Atascosa, McMullen, Frio, and Dimmitt counties. Some of the natural gas produced in this region can have significant quantities of hydrogen sulfide and carbon dioxide that require treating to remove these impurities. The pipeline systems that gather this gas are connected to third-party processing plants and our treating facilities that include an acid gas reinjection well located in McMullen County, Texas.

The natural gas supply for our south Texas gathering systems is derived primarily from natural gas wells located in a mature basin that generally have long lives and predictable gas flow rates. The emerging Eagle Ford shale formation lies directly under our existing south Texas gathering system infrastructure.

One of our treating plants consists of inlet gas compression, a 60 MMcf/d amine treating unit, a 55 MMcf/d amine treating unit and a 40 ton (per day) liquid sulfur recovery unit. This plant removes hydrogen sulfide from the natural gas stream, recovers condensate, delivers pipeline quality gas at the plant outlet and reinjects acid gas. An additional 55 MMcf/d amine treating unit is currently inactive.

We own a 60 percent interest in a joint venture that includes a treating plant in Atascosa County with a 500 GPM amine treater, pipeline interconnect facilities, and approximately 13 miles of ten inch diameter pipeline. We operate this plant and the pipeline for the joint venture while our joint venture partner operates a lean gas gathering system in the Edwards Lime natural gas trend that delivers to this system.

West Texas Region. Our gathering system assets offer wellhead-to-market services to producers in Ward, Winkler, Reeves, and Pecos counties which surround the Waha Hub, one of Texas major natural gas market areas. As a result of the proximity of our system to the Waha Hub, the Waha gathering system has a variety of market outlets for the natural gas that we gather and process, including several major interstate and intrastate pipelines serving California, the mid-continent region of the United States and Texas natural gas markets. Natural gas exploration and production drilling in this area has primarily targeted productive zones in the Permian Delaware basin and Devonian basin. These basins are mature basins with wells that generally have long lives and predictable flow rates.

We offer producers four different levels of natural gas compression on the Waha gathering system, as compared to the two levels typically offered in the industry. By offering multiple levels of compression, our gathering system is often more cost-effective for our producers, since the producer is typically not required to pay for a level of compression that is higher than the level they require.

The Waha processing plant is a cryogenic natural gas processing plant that processes raw natural gas gathered in the Waha gathering system. This plant was constructed in 1965, and, due to recent upgrades to state-of-the-art cryogenic processing capabilities, is a highly efficient natural gas processing plant. The Waha processing plant also includes an amine treating facility which removes carbon dioxide and hydrogen sulfide from raw natural gas gathered before moving the natural gas to the processing plant. The acid gas is injected underground.

Mid-Continent Region. Our mid-continent region includes natural gas gathering systems located primarily in Kansas and Oklahoma. Our mid-continent gathering assets are extensive systems that gather, compress and

dehydrate low-pressure gas from approximately 1,500 wells. These systems are geographically concentrated, with each central facility located within 90 miles of the others. We operate our mid-continent gathering systems at low pressures to maximize the total throughput volumes from the connected wells. Wellhead pressures are therefore adequate to allow for flow of natural gas into the gathering lines without the cost of wellhead compression.

Our mid-continent systems are located in two of the largest and most prolific natural gas producing regions in the United States, the Hugoton Basin in southwest Kansas and the Anadarko Basin in western Oklahoma. These mature basins have continued to provide generally long-lived, predictable production volume.

TRANSPORTATION OPERATIONS

Transportation. We own a 43 percent interest in HPC which, through RIGS, delivers natural gas from northwest Louisiana to markets as well as downstream pipelines in northeast Louisiana through a 450 mile intrastate pipeline system known as RIGS. The construction and development of the expansion of RIGS (Haynesville Expansion Project) was completed in January 2010 and added 1.1 Bcf/d of capacity and 14,200 horsepower of compression. In September 2009, HPC announced plans to construct a $47,000,000 pipeline extension of the Haynesville Expansion Project (the Red River Lateral). The Red River Lateral was also completed in January 2010, adding an additional 100 MMcf/d of capacity, bringing RIGS total capacity to 2.1 Bcf/d.

RIGS consists of an intrastate pipeline ranging from 4 to 42 inches in diameter that extends across north Louisiana from Caddo Parish to Franklin Parish and, with the completion of the Red River Lateral, extends into Red River Parish. In addition to the Haynesville Shale production, RIGS transports natural gas produced from the Vernon field, the Elm Grove field and the Sligo field. The transportation operations are located in areas that have experienced significant levels of drilling activity, providing RIGS with opportunities to access newly developed natural gas supplies.

Substantially all of the incremental capacity from Haynesville Expansion Project and Red River Lateral has been contracted to third parties under firm transportation agreements with 10-year terms, whereby approximately 85 percent of total revenues from these system expansions will be derived from reservation fees.

CONTRACT COMPRESSION OPERATIONS

The natural gas contract compression segment services include designing, sourcing, owning, insuring, installing, operating, servicing, repairing, and maintaining compressors and related equipment for which we guarantee our customers 98 percent mechanical availability for land installations and 96 percent mechanical availability for over-water installations. We focus on meeting the complex requirements of field-wide compression applications, as opposed to targeting the compression needs of individual wells within a field. These field-wide applications include compression for natural gas gathering, natural gas lift for crude oil production and natural gas processing. We believe that we improve the stability of our cash flow by focusing on field-wide compression applications because such applications generally involve long-term installations of multiple large horsepower compression units. Our contract compression operations are primarily located in Texas, Louisiana, Arkansas, and Pennsylvania.

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The following tables set forth certain information regarding contract compression s third-party revenue generating horsepower as of December 31, 2009 and 2008.

	December 31, 2009		
Horsepower Range	Revenue Generating Horsepower	Percentage of Revenue Generating Horsepower	Number of Units
0-499	65,397	9%	361
500-999	74,826	10%	121
1,000+	613,105	81%	405
	753,328	100%	887

	December 31, 2008		
Horsepower Range	Revenue Generating Horsepower	Percentage of Revenue Generating Horsepower	Number of Units
0-499	59,288	7%	351
500-999	83,299	11%	134
1,000+	636,080	82%	425
	778,667	100%	910

CORPORATE AND OTHERS

Gulf States Transmission. Our interstate pipeline, owned and operated by GSTC, consists of 10 miles of 12 and 20 inch diameter pipeline that extends from Harrison County, Texas to Caddo Parish, Louisiana. The pipeline has a FERC certificated capacity of 150 MMcf/d.

OUR CONTRACTS

The table below provides the margin by product and percentage for the years ended December 31, 2009 and 2008.

Margin by Product	2009	2008
Net Fee	71%	64%
NGL	20	18
Gas	4	10
Condensate	5	5
Helium and Sulphur		3
Total	100%	100%

Gathering and Processing Contracts. We contract with producers to gather raw natural gas from individual wells or central receipt points located near our gathering systems and processing plants. Following the execution of a contract with the producer, we connect the producer s wells or central receipt points to our gathering lines through which the natural gas is delivered to a processing plant owned and operated by us or a third party. We obtain supplies of raw natural gas for our gathering and processing facilities under contracts having terms ranging from month-to-month to life of the lease. We categorize our processing contracts in increasing order of commodity price risk as fee-based, percentage-of-proceeds, or keep-whole contracts. For a description of our fee-based arrangements, percent-of-proceeds arrangements, and keep-whole arrangements, please read Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations Our Operations.

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

The Company had no Level 3 financial assets and liabilities as of March 31, 2011 and December 31, 2010.

NOTE 4 DISCONTINUED OPERATIONS

In August 2010, the Company sold its 100% interest in its subsidiary Compañía Minera Cerro Bayo Ltd. (Minera Cerro Bayo), which controls the Cerro Bayo mine in southern Chile, to Mandalay Resources Corporation (Mandalay). Under the terms of the agreement, the Company 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 to be collected from the Chilean government in excess of $3.5 million, which were valued at $3.5 million. As part of the transaction, Mandalay agreed to pay the next $6.0 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 the Company. At the time of the sale, the Company realized a loss on the sale of approximately $2.1 million, net of income taxes.

The following table details selected financial information included in the income from discontinued operations for the three months ended March 31, 2010 (in thousands):

		Three months ended March 31, 2010
Sales of metals	$	
Administrative and other		(8)
Depreciation and depletion		(1,054)
Care and maintenance expense		(1,069)
Other income and expense		(338)
Income tax expense		(343)
Income (loss) from discontinued operations	$	(2,812)

NOTE 5 INVESTMENTS AND OTHER MARKETABLE SECURITIES

The Company classifies its short-term investments as available-for-sale securities. The securities are measured at fair market value in the financial statements with unrealized gains or losses recorded in other comprehensive income. At the time securities are sold or otherwise disposed of, gains or losses are included in net income. There were no short-term investments on hand as of March 31, 2011 or December 31, 2010.

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

NOTE 6 ACCOUNTS RECEIVABLE

Receivables consist of the following (in thousands):

	March 31, 2011	December 31, 2010
Receivables current portion		
Accounts receivable trade	$ 15,337	$ 14,062
Refundable income tax	7,549	5,363
Refundable value added tax	43,264	36,947
Accounts receivable other	2,725	2,508
	$ 68,875	$ 58,880
Receivables non-current portion		
Refundable value added tax	$ 38,193	$ 42,866

NOTE 7 METAL AND OTHER INVENTORIES

Inventories consist of the following (in thousands):

	March 31, 2011	December 31, 2010
Concentrate and doré inventory	$ 86,251	$ 81,059
Supplies	45,240	37,281
Metal and other inventory	$ 131,491	$ 118,340

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

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

	March 31, 2011	December 31, 2010
Land	$ 713	$ 713
Building improvements	525,023	516,792
Machinery and equipment	243,377	242,684
Capitalized leases for machinery, equipment and buildings	73,145	72,326
	842,258	832,515
Accumulated depreciation and amortization	(182,527)	(164,414)
	$ 659,731	$ 668,101

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

NOTE 9 MINING PROPERTIES

Mining properties consist of the following (in thousands):

March 31, 2011	Palmarejo	San Bartolomé	Kensington	Rochester	Martha	Endeavor	Other	Total
Operational mining properties:	$ 129,161	$ 66,661	$ 318,515	$ 100,270	$ 10,290	$	$	$ 624,897
Accumulated depletion	(28,808)	(11,178)	(14,124)	(97,435)	(9,992)			(161,537)
	100,353	55,483	304,391	2,835	298			463,360
Mineral interests	1,657,188	26,642				44,033		1,727,863
Accumulated depletion	(85,788)	(4,486)				(7,505)		(97,779)
	1,571,400	22,156				36,528		1,630,084
Non-producing and development properties							142	142
Total mining properties	$ 1,671,753	$ 77,639	$ 304,391	$ 2,835	$ 298	$ 36,528	$ 142	$ 2,093,586

December 31, 2010	Palmarejo	San Bartolomé	Kensington	Rochester	Martha	Endeavor	Other	Total
Operational mining properties:	$ 128,734	$ 66,655	$ 317,156	$ 99,720	$ 10,096	$	$	$ 622,361
Accumulated depletion	(22,655)	(10,031)	(9,092)	(97,435)	(9,998)			(149,211)
	106,079	56,624	308,064	2,285	98			473,150
Mineral interests	1,657,188	26,642				44,033		1,727,863
Accumulated depletion	(68,026)	(4,027)				(6,886)		(78,939)
	1,589,162	22,615				37,147		1,648,924
Non-producing and development properties							142	142
Total mining properties	$ 1,695,241	$ 79,239	$ 308,064	$ 2,285	$ 98	$ 37,147	$ 142	$ 2,122,216

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

Operational Mining Properties

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

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

Kensington: The Kensington mine is an underground gold mine and consists of the Kensington and adjacent Jualin properties located on the east side of the Lynn Canal about 45 miles north-northwest of Juneau, Alaska. The Company commenced commercial production in July 2010.

Rochester Mine: The Company has conducted operations at the Rochester mine, located in Western Nevada, since September 1986. The mine utilizes the heap-leaching process to extract both silver and gold from ore mined using open pit methods. Rochester s primary product is silver with gold produced as a by-product. The Company expects a resumption of active mining at the Rochester mine in 2011.

Martha Mine: The Martha mine is an underground silver mine located in Argentina. Coeur acquired a 100% interest in the Martha mine in April 2002. In December 2007, the Company completed a 240 tonne per day flotation mill, which produces a flotation concentrate.

Mineral Interests

Endeavor Mine: In May 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 in Australia, which is owned and operated by Cobar Operations Pty. Limited (Cobar), a wholly-owned subsidiary of CBH Resources Ltd. (CBH).

CDE Australia began realizing reductions in revenues in the fourth quarter of 2008 as a result of a silver price sharing provision that was part of the purchase agreement. CDE Australia has received approximately 3.2 million payable ounces to-date and the current ore reserve contains approximately 7.9 million payable ounces based on current metallurgical recovery and current smelter contract terms. It is expected that future expansion to the ore reserve will occur as a result of the conversion of portions of the property s existing inventory of mineralized material and future exploration discoveries. CBH conducts regular exploration to discover new mineralization and to define reserves from surface and underground drilling platforms.

Non-Producing and Development Properties

The Company has no significant non-producing or development properties as of March 31, 2011, or December 31, 2010.

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

NOTE 10 LONG-TERM DEBT AND CAPITAL LEASE OBLIGATION

The current and non-current portions of long-term debt and capital lease obligations as of March 31, 2011 and December 31, 2010 are as follows (in thousands):

	March 31, 2011		December 31, 2010	
	Current	Non-Current	Current	Non-Current
3.25% Convertible Senior Notes due March 2028	$	$ 43,781	$	$ 43,220
1.25% Convertible Senior Notes due January 2024			1,859	
Senior Term Notes due December 31, 2012	15,000	11,250	15,000	15,000
Kensington Term Facility	24,773	71,973	25,908	48,322
Capital lease obligations	18,070	19,233	15,759	23,483
Other	1,256		4,791	42
	$ 59,099	$ 146,237	$ 63,317	$130,067

3.25% Convertible Senior Notes due 2028

As of March 31, 2011, the outstanding balance of the 3.25% Convertible Senior Notes was $48.7 million, or $43.8 million net of debt discount.

The fair value of the notes outstanding, as determined by market transactions at March 31, 2011, and December 31, 2010 was $48.5 million and $48.2 million, respectively. The carrying value of the equity component representing the embedded conversion option at March 31, 2011, and December 31, 2010 was $10.9 million and $10.9 million, respectively.

During the first quarters of 2011 and 2010, interest expense recognized was $0.4 million and $1.2 million, respectively, and accretion of the debt discount was $0.6 million and $1.4 million, respectively. The debt discount remaining at March 31, 2011 was $4.9 million, which will be amortized through March 15, 2013. The effective interest rate on the notes was 8.9%.

1.25% Convertible Senior Notes due 2024

As of March 31, 2011, the Company had no outstanding 1.25% Convertible Senior Notes.

On January 18, 2011, the Company repurchased $945,000 in aggregate principle amount of the notes pursuant to a Tender Offer Statement filed on December 10, 2010. The Company repurchased the remaining $914,000 in aggregate principal amount of the notes outstanding on January 21, 2011.

Senior Term Notes due December 31, 2012

As of March 31, 2011 the balance of the Senior Term Notes was $26.3 million.

For the three months ended March 31, 2011 the Company paid in cash, $3.8 million in principal and $0.5 million in interest in connection with the quarterly payments. In addition, $0.5 million was paid and recognized as a loss in connection with quarterly debt payments as a result of electing to make the required principle and interest payment entirely in cash. The loss is recorded in debt extinguishments.

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

Kensington Term Facility

As of March 31, 2011 the balance of the Kensington Term Facility was $96.7 million.

As a condition to the Kensington term facility with Credit Suisse, the Company agreed to enter into a gold hedging program which protects a minimum of 187,500 ounces of gold production over the life of the facility against the risk associated with fluctuations in the market price of gold. This program consists of a series of zero cost collars which consist of a floor price and a ceiling price of gold. Collars protecting 232,500 ounces of gold were outstanding at March 31, 2011. The weighted average put feature of each collar was $940.35 and the weighted average call feature of each collar was $1,852.62.

Capital Leases

As of March 31, 2011, Coeur Mexicana SA de CV, a wholly owned subsidiary of the Company (Coeur Mexicana), had outstanding balances on capital leases of $27.2 million.

Other capital leases for equipment and facilities leases totaling $10.1 million were outstanding at March 31, 2011 with monthly payments through June 1, 2014.

Other

On July 6, 2010, the Company entered into a short-term financing agreement with AFCO Credit Corporation of $2.4 million bearing interest at 2.9% to finance insurance premiums. Installments of $0.2 million are paid monthly with the final payment to be made on June 1, 2011. As of March 31, 2011, and December 31, 2010, the outstanding balance was $0.4 million, and $1.1 million, respectively.

On July 15, 2009, to fund equipment purchases, Coeur Mexicana entered into an equipment financing agreement bearing interest at 8.26% with Atlas Copco. This agreement is secured by certain machinery and equipment. Twenty-four monthly installments will be made on the loans with the final payment being made on January 31, 2012. As of March 31, 2011, and December 31, 2011, the outstanding balance was $0.8 million and $1.2 million, respectively.

Palmarejo Gold Production Royalty Obligation

The Company recognized accretion expense on the obligation discount of $5.3 million and $5.0 million for the three months ended March 31, 2011 and 2010, respectively. As of March 31, 2011 and December 31, 2010, the remaining minimum obligation under the royalty agreement was $78.4 million and $80.3 million, respectively.

Interest Expense

The Company expenses interest incurred on its various debt instruments as a cost of operating its properties. For the three months ended March 31, 2011 and 2010, the Company expensed interest of $9.3 million and $5.8 million, respectively.

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

	Three months ended March 31,	
	2011	2010
	(in thousands)	
3.25% Convertible Senior Notes due March 2028	$ 395	$ 1,160
1.25% Convertible Senior Notes due January 2024	1	11
Senior Term Notes due December 2012	488	1,011
Kensington Term Facility	1,105	296
Capital lease obligations	466	463
Other debt obligations	469	167
Gold Lease Facility	107	204
Accretion of Franco Nevada royalty obligation	5,267	4,992
Amortization of debt issuance costs	624	282
Accretion of debt discount	560	1,370
Capitalized interest	(178)	(4,150)
Total interest expense	$ 9,304	$ 5,806

Capitalized Interest

The Company capitalizes interest incurred on its various debt instruments as a cost of properties under development. For the three months ended March 31, 2011, and 2010 the Company capitalized interest of $0.2 million and $4.1 million, respectively.

NOTE 11 RECLAMATION AND MINE CLOSURE

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

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

	Three months ended March 31,	
	2011	2010
Asset retirement obligation January 1	$ 27,302	$ 38,193
Accretion	637	835
Addition and changes in estimates		18
Settlements	(31)	(1,134)
Asset retirement obligation March 31	$ 27,908	$ 37,912

In addition, the Company has accrued $1.6 million and $1.6 million as of March 31, 2011 and March 31, 2010, respectively, for reclamation liabilities related to former mining activities. These amounts are also included in reclamation and mine closure liabilities.

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Coeur d Alene Mines Corporation and Subsidiaries
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On January 13, 2011, the Company entered into The Rochester Mine Irrevocable Trust (the Trust), to provide financial assurance of performance of post-closure monitoring and maintenance obligations for the Rochester Mine Plan of Amendment. The Company deposited $0.7 million into the Trust. The primary beneficiary of the trust is the Bureau of Land Management and must be used solely to pay expenses related to post closure monitoring and maintenance obligations. The Trust will terminate on the earlier of (i) 365 years from the initial date of this agreement, or (ii) the expiration of the longest period applicable to the assets of the Trust under the rule against perpetuities of the situs of the Trust.

NOTE 12 INCOME TAXES

For the three months ended March 31, 2011, the Company reported an income tax provision of approximately $12.9 million compared to an income tax benefit of $7.0 million for the three months ended March 31, 2010. The following table summarizes the components of the Company s income tax provision from continuing operations for the three months ended March 31, 2011 and 2010 (in thousands):

	Three months ended March 31,	
	2011	**2010**
Current:		
United States Alternative minimum tax	$ 1,938	$
United States Foreign withholding	(78)	(491)
Argentina	98	(13)
Australia	101	
Mexico	(50)	(50)
Bolivia	(9,079)	831
Deferred:		
United States	(616)	(5,936)
Australia	(519)	(290)
Mexico	(3,776)	14,369
Bolivia	(958)	(1,423)
Income tax benefit (provision) from continuing operations	$ (12,939)	$ 6,997

The income tax benefit (provision) for the three months ended March 31, 2011 varies from the statutory rate primarily because of differences in tax rates for the Company s foreign operations and changes in valuation allowances for net deferred tax assets, permanent differences and foreign exchange rate differences. The Company has U.S. net operating loss carryforwards which expire in 2011 through 2026. Net operating losses in foreign countries have an indefinite carryforward period, except in Mexico where net operating loss carryforwards are limited to ten years.

NOTE 13 SHARE-BASED COMPENSATION PLANS

The Company has an annual incentive plan and a long-term incentive plan. The Company s shareholders approved the Amended and Restated 2003 Long-Term Incentive Plan of Coeur d Alene Mines Corporation at the 2010 annual shareholders meeting.

The compensation expense recognized in the Company s consolidated financial statements for the three months ended March 31, 2011 and 2010 for stock based compensation awards was $8.2 million and $1.4 million, respectively. The stock appreciation rights (SARs), restricted stock units (RSUs) and performance units are liability-based awards and are

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

required to be re-measured at the end of each reporting period with corresponding adjustments to previously recognized and future stock-based compensation expense. As of March 31, 2011, there was $7.8 million of total unrecognized compensation cost (net of estimated forfeitures) related to unvested stock options, SARs, restricted stock, RSUs, performance shares and performance units which is expected to be recognized over a weighted-average remaining vesting period of 1.8 years.

The following table shows the new grants issued during the three months ended March 31, 2011:

Grant date	Restricted stock	Grant date fair value of restricted stock	Stock options	Grant date fair value of stock options	Performance shares	Grant date fair value of performance shares
January 3, 2011	188,673	$ 27.45	121,017	$ 17.89	70,188	$ 42.81
March 8, 2011	1,509	$ 34.79	2,562	$ 22.82	1,509	$ 55.12

	March 31, 2011 SARS	March 31, 2011 Performance units	March 31, 2011 Restricted stock units
Weighted average fair value	$ 27.24	$ 57.61	$ 34.78

Options Exerciseable	Weighted average exercise price	SARS exercisable	Weighted average exercise price
261,837	$ 28.18	82,170	$ 12.53

NOTE 14 DEFINED CONTRIBUTION AND 401(k)

Defined Contribution Plan

The Company provides a noncontributory defined contribution retirement plan for all eligible U.S. employees. Total contributions, which are based on a percentage of the salary of eligible employees, were $0.4 million and $0.2 million for the three months ended March 31, 2011 and 2010, respectively.

401(k) Plan

The Company maintains a retirement savings plan (which qualifies under Section 401(k) of the U.S. Internal Revenue Code) covering all eligible U.S. employees. Under the plan, employees may elect to contribute up to 100% of their cash compensation, subject to ERISA limitations. The Company adopted a Safe Harbor Tiered Match and is required to make matching contributions equal to 100% of the employee s contribution up to 3% of the employee s compensation plus matching contributions equal to 50% of the employee s contribution up to an additional 2% of the employee s compensation. Total plan expenses recognized in the Company s consolidated financial statements for the three months ended March 31, 2011 and 2010 were $0.3 million and $0.2 million, respectively.

NOTE 15 DERIVATIVE FINANCIAL INSTRUMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Palmarejo Gold Production Royalty

On January 21, 2009, the Company entered into the gold production royalty transaction with Franco-Nevada Corporation described in Note 10, Long-Term Debt and Capital Lease Obiligation,

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

Palmarejo Gold Production Royalty Obligation. The minimum royalty obligation ends when payments have been made on a total of 400,000 ounces of gold. As of March 31, 2011, a total of 305,088 ounces of gold remain outstanding under the minimum royalty obligation. The price volatility associated with the minimum royalty obligation is considered an embedded derivative financial instrument under U.S. GAAP. The fair value of the embedded derivative at March 31, 2011 and December 31, 2010 was a liability of $160.9 million and $162.0 million, respectively. During the three months ended March 31, 2011, and 2010, mark-to-market adjustments for this embedded derivative amounted to a gain of $1.1 million and a loss of $1.7 million, respectively. For the three months ended March 31, 2011 and 2010, realized losses on settlement of the liabilities were $7.5 million and $3.2 million respectively. The mark-to-market adjustments and realized losses are included in fair value adjustments, net in the consolidated statement of operations.

Forward Foreign Exchange Contracts

The Company periodically enters into forward foreign currency contracts to reduce the foreign exchange risk associated with forecasted Mexican peso (MXP) operating costs at its Palmarejo mine. At March 31, 2011, the Company had MXP foreign exchange contracts of $22.2 million in U.S. dollars. These contracts require the Company to exchange U.S. dollars for MXP at a weighted average exchange rate of 12.67 MXP to each U.S. dollar and had a fair value of $1.0 million at March 31, 2011. The Company recorded mark-to-market gains of $1.0 million and $0.5 million for the three months ended March 31, 2011 and 2010, respectively, which is reflected in fair value adjustments, net. The Company recorded realized gains of $0.3 million and $0.04 million in Production costs applicable to sales during the three months ended March 31, 2011 and 2010, respectively.

Gold Lease Facility

As of March 31, 2011, the Company had no gold leased from Mitsubishi International Corporation (MIC). At December 31, 2010, the Company had 10,000 ounces of gold leased from MIC, which it delivered to MIC on March 22, 2011. The Company accounts for the gold lease facility as a derivative instrument, which is recorded in accrued liabilities and other in the balance sheet.

On December 12, 2008, the Company entered into a gold lease facility with MIC. Pursuant to this facility, the Company may lease amounts of gold from MIC and is obligated to deliver the same amounts back to MIC and to pay specified lease fees to MIC that are equivalent to interest at current market rates on the value of the gold leased. Pursuant to a Second Amended and Restated Collateral Agreement, the Company s obligations under the facility are secured by certain collateral. The collateral agreement specifies the maximum amount of gold the Company may lease from MIC, as well as the amount and type of collateral.

Concentrate Sales Contracts

The Company enters into concentrate sales contracts with third-party smelters. The contracts, in general, provide for a provisional payment based upon provisional assays and quoted metal prices. The provisionally priced sales contain an embedded derivative that is required to be separated from the host contract for accounting purposes. The host contract is the receivable from the sale of concentrates at the forward price at the time of sale. The embedded derivative, which is the final settlement price based on a future price, does not qualify for hedge accounting. These embedded derivatives are recorded as derivative assets (in Prepaid expenses and other) or derivative liabilities (in Accrued liabilities and other) on the balance sheet and are adjusted to fair value through earnings each period until the date of final settlement. At March 31, 2011, the Company had outstanding provisionally priced sales of $42.2 million, consisting 107,191 ounces of silver and 28,116 ounces of gold, which had a fair value of $42.5 million including the embedded derivative. At December 31, 2010, the Company had outstanding provisionally

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

priced sales of $35.7 million consisting of 647,711 ounces of silver and 12,758 ounces of gold, which had a fair value of approximately $37.4 million including the embedded derivative.

Commodity Derivatives

At December 31, 2010, the Company had one outstanding forward gold contract of 10,000 ounces at a fixed price of $1,380.00, which was settled on March 22, 2011 for a gain of $0.5 million.

As of March 31, 2011, in connection with the Kensington Term Facility described in Note 9, Long-Term Debt and Royalty Obligation, Kensington Term Facility, the Company had outstanding call options requiring it to deliver 232,500 ounces of gold at a weighted average strike price of $1,852.62 per ounce if the market price of gold exceeds the strike price. At March 31, 2011, the Company had outstanding put options allowing it to sell 232,500 ounces of gold at a weighted average strike price of $940.35 per ounce if the market price of gold were to fall below the strike price. The contracts will expire over the next five years. As of March 31, 2011, the fair market value of these contracts was a net liability of $15.4 million. During the three months ended March 31, 2011, 11,250 ounces of gold call options at a weighted average strike price of $1,723.11 per ounce expired resulting in a realized gain of $0.7 million and 11,250 ounces of gold put options at a weighted average strike price of $878.56 per ounce expired resulting in a realized loss of $0.7 million.

As of March 31, 2011, the Company had the following derivative instruments that settle in each of the years indicated in the table (in thousands except average rates, ounces and per share data):

	2011	2012	2013	Thereafter
Palmarejo gold production royalty	$ 20,243	$ 24,865	$ 25,097	$ 80,401
Average gold price in excess of minimum contractual deduction	$ 482	$ 497	$ 502	$ 493
Notional ounces	42,030	50,004	50,004	163,050
Mexican peso forward purchase contracts	$ 22,200	$	$	$
Average rate (MXP/$)	$ 12.67	$	$	$
Mexican peso notional amount	281,232			
Silver ounces received from Mandalay	$ 764	$ 1,535	$	$
Average silver forward price	$ 18.33	$ 18.42	$	$
Notional ounces	41,667	83,333		
Silver concentrate sales agreements	$ 3,477	$	$	$
Average silver price	$ 32.44	$	$	$
Notional ounces	107,191			
Gold concentrates sales agreements	$ 38,748	$	$	$
Average gold price	$ 1,378	$	$	$
Notional ounces	28,116			
Gold put options purchased	$ 2,520	$ 2,880	$ 1,800	$ 720
Average gold strike price	$ 889	$ 923	$ 928	$ 991
Notional ounces	42,500	68,000	45,000	77,000
Gold call options sold	$ 2,520	$ 2,880	$ 1,800	$ 720
Average gold strike price	$ 1,743	$ 1,817	$ 1,827	$ 1,960
Notional ounces	42,500	68,000	45,000	77,000

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Notes to Consolidated Financial Statements (Unaudited) (Continued)

The following summarizes the classification of the fair value of the derivative instruments as of March 31, 2011 and December 31, 2010 (in thousands):

	March 31, 2011					
	Prepaid expenses and other	Other non-current assets	Accrued liabilities and other	Other long-term liabilities	Current portion of royalty obligation	Non-current portion of royalty obligation
Silver ounces receivable from Mandalay	$ 1,222	$ 1,204	$	$	$	$
Forward foreign exchange contracts	1,010					
Palmarejo gold production royalty					29,489	131,366
Put and call options, net			1,106	14,340		
Concentrate sales contracts	324		3			
	$ 2,556	$ 1,204	$ 1,109	$ 14,340	$ 29,489	$ 131,366

	December 31, 2010					
	Prepaid expenses and other	Other Non-Current Assets	Accrued liabilities and other	Other Long-Term Liabilities	Current portion of royalty obligation	Non-current portion of royalty obligation
Gold lease facility	$	$	$ 2,213	$	$	$
Gold forward contract	425					
Silver ounces receivable from Mandalay	531	1,063				
Forward foreign exchange contracts	328		323			
Franco-Nevada warrant					28,745	133,258
Put and call options, net			1,471	13,277		
Concentrate sales contracts	1,703		23			
	$ 2,987	$ 1,063	$ 4,030	$ 13,277	$ 28,745	$ 133,258

The following represent mark-to-market gains (losses) on derivative instruments for the three months ended March 31, 2011 and 2010 (in thousands):

Financial statement line	Derivative	Three months ended March 31, 2011	2010
Sales of metal	Concentrate sales contracts	$ (1,349)	$ 586
Production costs applicable to sales	Forward foreign exchange contracts	252	41
Fair value adjustments, net	Gold lease facility	(132)	(591)
Fair value adjustments, net	Forward foreign exchange contracts	1,005	456
Fair value adjustments, net	Forward gold contract	35	
Fair value adjustments, net	Silver ounces receivable	831	
Fair value adjustments, net	Palmarejo gold royalty	(6,343)	(4,849)
Fair value adjustments, net	Franco-Nevada warrant		1,303
Fair value adjustments, net	Put and call options	(698)	(577)
		$ (6,399)	$ (3,631)

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

Credit Risk

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

NOTE 16 COMMITMENTS AND CONTINGENCIES

Labor Union Contracts

The Company maintains two labor agreements in South America, consisting of a labor agreement with Associacion Obrera Minera Argentina at its Martha mine in Argentina and with Sindicato de la Empresa Minera Manquiri at its San Bartolomé mine in Bolivia. The agreement at the Martha mine is effective from June 12, 2006 to June 30, 2011. The labor agreement at the San Bartolomé mine, which became effective October 11, 2007, does not have a fixed term. As of March 31, 2011, approximately 17% of the Company s worldwide labor force was covered by collective bargaining agreements.

Kensington Production Royalty

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

Rochester Production Royalty

The Company acquired the Rochester property from ASARCO in 1983. The Company is obligated to pay a net smelter royalty interest only when the market price of silver equals or exceeds $22.87 per ounce up to a maximum rate of 5% to ASARCO, the prior owner. Royalty expense was $0.3 and nil million for the quarters ended March 31, 2011, and 2010, respectively.

NOTE 17 SIGNIFICANT CUSTOMERS

The Company markets its refined metal and doré to credit-worthy bullion trading houses, market makers and members of the London Bullion Market Association, industrial companies and sound financial institutions. The refined metals are sold to end users for use in electronic circuitry, jewelry, silverware, and the pharmaceutical and technology industries. The Company has six trading counterparties (Mitsui, Mitsubishi, Standard Bank, Auramet, Valcambi and INTL Commodities) and the sales of metals to these companies amounted to approximately 74.5% and 80.4% of total metal sales for the three months ended March 31, 2011 and 2010, respectively. Generally, the loss of a single bullion.

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Notes to Consolidated Financial Statements (Unaudited) (Continued)

trading counterparty would not adversely affect the Company due to the liquidity of the markets and the availability of alternative trading counterparties.

The Company refines and markets its precious metals, doré and concentrates using a geographically diverse group of third party smelters and refiners, including clients located in Mexico, Switzerland, Australia, China, Germany, and the United States (Peñoles, Valcambi, Nyrstar, Aurubis, China National Gold and Johnson Matthey). Sales of silver concentrates to third-party smelters amounted to approximately 25.5% and 19.6% of total metal sales for the three months ended March 31, 2011 and 2010, respectively. The loss of any one smelting and refining client may have a material adverse effect if alternative smelters and refineries are not available. The Company believes there is sufficient global capacity available to make up for the loss of any smelter.

NOTE 18 SEGMENT REPORTING

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

The operating segments are managed separately because each segment represents a distinct use of Company resources and a separate contribution to the Company s cash flows. The Company s reportable operating segments include the Palmarejo, San Bartolomé, Martha, Rochester, Kensington, and Endeavor mining properties. All operating segments are engaged in the discovery or mining of gold and silver and generate the majority of their revenues from the sale of these precious metal concentrates or refined precious metals. The Martha mine sells precious metal concentrates, typically under long-term contracts, to smelters located in Mexico. The Kensington mine sells precious metal concentrates, typically under long-term contracts, to smelters in China and Germany. Refined gold and silver produced by the Rochester, Palmarejo and San Bartolomé mines are principally sold on a spot basis to precious metals trading banks, such as Standard Bank, Mitsubishi, Auramet, Valcambi, International Commodities, and Mitsui. Concentrates produced at the Endeavor mine are sold to Nyrstar (formerly Zinifex), an Australia smelter. The Company s exploration programs are reported in its other segment. The other segment also includes the corporate headquarters, elimination of intersegment transactions and other items necessary to reconcile to consolidated amounts. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies above. The Company evaluates performance and allocates resources based on profit or loss before interest, income taxes, depreciation and amortization, unusual and infrequent items, and extraordinary items.

Revenues from silver sales were $112.5 million and $60.0 million in the three months ended March 31, 2011 and 2010, respectively. Revenues from gold sales were $87.1 million and $28.3 million in the three months ended March 31, 2011 and 2010, respectively.

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

Three months ended March 31, 2011	Palmarejo Mine	San Bartolomé Mine	Kensington Mine	Rochester Mine	Martha Mine	Endeavor Mine	Other	Total
Sales of metals	$ 88,165	$ 46,321	$ 48,110	$ 14,262	$ (314)	$ 3,080	$	$ 199,624
Productions costs applicable to sales	(37,369)	(14,118)	(32,920)	(7,357)	390	(1,100)		(92,474)
Depreciation and depletion	(33,675)	(5,143)	(9,365)	(514)	(592)	(619)	(133)	(50,041)
Gross profit (loss)	17,121	27,060	5,825	6,391	(516)	1,361	(133)	57,109
Exploration expense	636	4	46	21	1,296		759	2,762
Other operating expenses		38	20	3,536			12,211	15,805
OPERATING INCOME(LOSS)	16,485	27,018	5,759	2,834	(1,812)	1,361	(13,103)	38,542
Interest and other income	1,289	607	1	46	(311)		302	1,934
Interest expense	(5,703)	(34)	(1,247)		(345)		(1,975)	(9,304)
Loss on debt extinguishment							(467)	(467)
Fair value adjustments, net	(6,343)		(698)				1,739	(5,302)
Income tax benefit (expense)	(3,776)	(10,037)	(20)		41		853	(12,939)
Net income (loss)	$ 1,952	$ 17,554	$ 3,795	$ 2,880	$ (2,427)	$ 1,361	$ (12,651)	$ 12,464
Segment assets (A)	$ 2,106,197	$ 269,158	$ 503,321	$ 27,049	$ 17,571	$ 39,093	$ 23,506	$ 2,985,895
Capital expenditures (B)	$ 5,081	$ 3,536	$ 5,369	$ 1,668	$ 251	$	$ 13	$ 15,918

Three months ended March 31, 2010	Palmarejo Mine	San Bartolomé Mine	Kensington Mine	Rochester Mine	Martha Mine	Endeavor Mine	Other	Total
Sales of metals	$ 45,614	$ 14,592	$	$ 10,751	$ 15,020	$ 2,312	$	$ 88,289
Productions costs applicable to sales	(28,667)	(9,403)		(5,789)	(7,326)	(618)		(51,803)
Depreciation and depletion	(20,793)	(3,177)		(465)	(2,485)	(660)	(139)	(27,719)
Gross profit (loss)	(3,846)	2,012		4,497	5,209	1,034	(139)	8,767
Exploration expense	480		13	21	1,210		796	2,520
Other operating expenses	314			172			6,617	7,103

OPERATING INCOME(LOSS)	(4,640)	2,012	(13)	4,304	3,999	1,034	(7,552)	(856)
Interest and other income	2,164	(39)			(770)		379	1,734
Interest expense	(5,467)	(71)			(38)		(229)	5,805
Loss on debt extinguishment							(7,858)	(7,858)
Fair value adjustments, net	(3,546)		(463)				(249)	(4,258)
Income tax benefit (expense)	6,862	(592)			(13)		740	6,997
Income (loss) from continuing operations	(4,627)	1,310	(476)	4,304	3,178	1,034	(14,769)	(10,046)
Loss from discontinued operations, net of income taxes							(2,812)	(2,812)
Net income (loss)	$ (4,626)	$ 1,310	$ (476)	$ 4,304	$ 3,178	$ 1,034	$ (17,582)	$ (12,858)
Segment assets (A)	$ 2,137,098	$ 277,768	$ 433,468	$ 29,720	$ 33,627	$ 40,755	$ 45,185	$ 2,997,621
Capital expenditures (B)	$ 16,507	$ 546	$ 29,901	$ 1	$ (8)	$	$ 242	$ 47,189

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

(B) Balance represents cash flow amounts

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	March 31, 2011	December 31, 2010
Assets		
Total assets for reportable segments	$ 2,985,895	$ 3,000,389
Cash and cash equivalents	64,427	66,118
Receivables, non-current portion	38,193	42,866
Restricted assets	30,992	29,028
Debt issuance costs, net	3,714	4,333
Other assets	14,464	14,793
Total consolidated assets	$ 3,137,685	$ 3,157,527

Geographic Information

	March 31, 2011	December 31, 2010
Long Lived Assets:		
United States	$ 483,950	$ 487,961
Mexico	1,999,088	2,028,864
Bolivia	232,161	234,306
Australia	36,528	37,147
Argentina	1,437	1,882
Chile	10	14
Other countries	143	143
Total	$ 2,753,317	$ 2,790,317

	Three months ended March 31,	
	2011	2010
Revenues:		
United States	$ 62,372	$ 10,751
Mexico	88,165	45,614
Bolivia	46,321	14,592
Australia	3,080	2,312
Argentina	(314)	15,020
Total	$ 199,624	$ 88,289

NOTE 19 LITIGATION AND OTHER EVENTS

Idaho, Colorado, Maine and Washington Sites Related to Callahan Mining Corporation

During 1991, the Company acquired all of the outstanding common stock of Callahan Mining Corporation.

During 2001, the U.S. Forest Service made a formal request for information regarding the Deadwood Mine site located in central Idaho. Callahan Mining Corporation had operated at this site during the 1940s. The Forest Service

believes that some cleanup action is required at the location. However, the Company did not acquire Callahan until 1991, more than 40 years after Callahan disposed of its interest in the Deadwood property. The Company did not make any decisions with respect to generation, transport or disposal of hazardous waste at the site. Therefore, the Company believes that it is

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

not liable for any cleanup, and if Callahan might be liable, it has no substantial assets with which to satisfy any such liability. To date, no claim has been made by the United States for any cleanup costs against either the Company or Callahan.

During 2002, the U.S. Environmental Protection Agency, or EPA, made a formal request for information regarding a Callahan mine site in the State of Maine. Callahan operated there in the late 1960s, shut the operations down in the early 1970s and disposed of the property. The EPA contends that some cleanup action is warranted at the site, and listed it on the National Priorities List in late 2002. In 2009, the EPA and the State of Maine made additional formal requests for information relating to the Maine Callahan mine site. The Company believes that because it made no decisions with respect to generation, transport or disposal of hazardous waste at this location, it is not liable for any cleanup costs. If Callahan might have liability, it has no substantial assets with which to satisfy such liability. To date, no claim has been made for any cleanup costs against either the Company or Callahan.

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

By letter dated February 25, 2010, the State of Washington Department of Ecology notified Callahan Mining Corporation that it found credible evidence supporting a conclusion that Callahan is a potentially liable person for a release of a hazardous substance at the Van Stone mine located approximately 21 miles northeast of Colville, Washington. The rights and liabilities of a potentially liable person are described under Washington law. The Department of Ecology alleges that Callahan sold the property in 1990. This is prior to Coeur s acquisition of Callahan, and therefore Coeur has no knowledge of the facts and circumstances surrounding Washington s allegations. The Company did not make decisions with respect to generation, transport or disposal of hazardous waste at this location. If Callahan might have liability, it has no substantial assets with which to satisfy it. To date no claim has been made for any cleanup costs against Callahan.

Temporary Restriction on Mining above 4,400 Meters at San Bartolomé

On October 14, 2009, the Bolivian state-owned mining organization, 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 Cerro Rico mountain are undertaken. The Company holds rights to mine above this elevation under valid contracts backed by Supreme Decree with COMIBOL as well as contracts with local mining cooperatives that hold their rights through COMIBOL. The Company temporarily adjusted its San Bartolomé 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.

In March 2010, the San Bartolomé mine began mining operations in high grade material located in the Huacajchi deposit above the 4,400 meter level under an agreement with the Cooperative Reserva Fiscal. Although restriction on mining above the 4,400 meter level continues, the Huacajchi deposit was confirmed to be excluded from the October 2009 resolution. The mine plan adjustment may reduce production until the Company is able to resume mining above 4,400 meters. It is uncertain at this time how long the temporary suspension will remain in place. If the restriction is not lifted, the Company may need to write down the carrying value of the asset.

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

NOTE 20 SUBSEQUENT EVENTS

On May 3, 2011, the Company paid $5.0 million to purchase 17.9 million shares of Apogee Silver Ltd. (Apogee), a near term silver producer in Bolivia. This purchase represents a 6.49% interest in Apogee and was made at a 15% discount to the prior closing price of the stock.

On May 6, 2011, the Company received $3.6 million of value-added taxes collected from the Chilean government related to the sale of Cerro Bay in August of 2010. See NOTE 4 DISCONTINUED OPERATIONS.

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

Management s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is designed to provide the reader of our financial statements with a narrative from management s perspective on our financial condition, results of operations, liquidity and other factors that may affect our future results. We believe it is important to read our MD&A in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2010, as well as other publicly available information.

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 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, will, plan, projected, contemplates, words. Actual production, operating schedules, results of operations, ore reserves and resources could differ materially from those projected in the forward-looking statements. The important factors that could cause actual results to differ materially from those in the forward-looking statements include; (i) the risk factors set forth below under Part II, Item 1A and the risk factors set forth under Item 1A (Risk Factors) of the Company s Annual Report on form 10-K for the year ended December 31, 2010; (ii) risks and hazards inherent in the mining business (including environmental hazards, industrial accidents, weather and geologically related conditions); (iii) changes in the market prices of gold and silver; (iv) uncertainties inherent in the Company s production, exploratory and developmental activities, including risks relating to permitting and regulatory delays; (v) any future labor disputes or work stoppages; (vi) uncertainties inherent in the estimation of gold and silver ore reserves; (vii) changes resulting 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) effects of environmental and other governmental regulations; (xi) 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 possible inability 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.

MD&A includes references to total cash operating costs and cash costs per ounce of silver and gold produced, both on an individual mine basis and on a consolidated basis. Total cash operating costs per ounce and cash costs per ounce are measurements that management uses to monitor and evaluate the performance of its mining operations and are not measurements calculated under U.S. GAAP. A reconciliation of total cash operating costs and cash costs per ounce to production expenses, which is calculated under U.S. GAAP, is also provided in the section titled Operating Statistics herein and should be referred to when reading the total cash costs per ounce measurement.

Introduction to the Company

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, Rochester mine and Martha mine, each of which is operated by the Company, and the Endeavor mine, which is operated by a non-affiliated party, constituted the Company s principal sources of mining revenues during the first three months of 2011. 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 cash flow.

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 our 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, we face challenges including raising capital, increasing production and managing social, political and environmental issues. Operating costs at our 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 our U.S. dollar costs.

Overview of Performance

Production

In the first quarter of 2011, the Company s total silver production increased 0.7 million ounces to 4.1 million ounces as compared to 3.4 million ounces in the comparable period in 2010. The increase is primarily due to higher production from Palmarejo and San Bartolomé from the same time period in 2010. The Company s total gold production in the first quarter of 2010 increased 27,347, or 106.1%, to 53,130 ounces, as compared to 25,782 ounces in the comparable period in 2010. The increase was driven by the Kensington mine, which operated at full capacity during the first quarter of 2011.

Metal Prices

Sales of metal increased $111.3 million, or 126.1%, to $199.6 million in the first quarter of 2011, compared to $88.3 million in the first quarter of 2010, primarily due to production from the Kensington mine and from substantially higher average realized silver and gold prices. The Company s average realized silver and gold prices during the first quarter were $31.27 per ounce and $1,374 per ounce, respectively, representing increases of 85.7% and 24.5% respectively, over last year s first quarter. Silver production contributed 56.4% of the Company s total metal sales during the first quarter, compared to 68.0% during the first quarter of 2010.

Earnings

The Company reported a net income of $12.5 million, or $0.14 per share, for the three months ended March 31, 2011. The earnings reflect $5.3 million of non-cash fair value adjustments, driven primarily by higher gold prices which increased the estimated future liabilities related to the Franco-Nevada royalty obligation, gold lease facility and put and call options.

In comparison, the Company had a net loss of $12.9 million, or $0.16 per share during the three months ended March 31, 2010. The net loss reported in the comparable periods of 2010 reflected lower realized silver and gold prices and lower production.

Increases in interest expense during the three months ended March 31, 2011 as compared to the same period in 2010, are primarily due to a decrease in capitalized interest related to placing the Kensington mine into service on July 3, 2010, thereby decreasing capitalized interest in 2010 coupled with new borrowings related to the Kensington Term Facility and the Senior Term Notes due December 31, 2012.

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Other Highlights

In addition to the matters discussed above regarding the key elements of the Company s business strategy, the matters management considers most important in evaluating the Company s financial condition and results of operations include:

The average price of silver (Handy & Harman) and gold (London Gold PM) for the three months ended March 31, 2011 was $32.00 and $1,386 per ounce, respectively, compared to $16.92 and $1,109 per ounce, respectively, on March 31, 2010. The market price of silver and gold on May 6, 2011 was $35.70 per ounce and $1,487 per ounce, respectively.

The Company produced a total of 4.1 million ounces of silver during in the first quarter of 2011, which was a 19.6% increase over the first quarter of 2010. The Company produced a total of 53,130 ounces of gold during the first quarter of 2011, which was a 106.1% increase over the first quarter of 2010.

Net cash provided by operating activities in for the first quarter of 2011 was $35.8 million, compared to net cash used in operating activities of $9.2 million during the first quarter of 2010.

The Company spent $15.9 million on capital expenditures in the first quarter of 2011, which represents a 66.3% decrease from the same time period last year. The majority of the capital expenditures for the first quarter of 2010 were at Kensington, which began commercial production in July of 2010.

The Company s ratio of current assets to current liabilities was 1.33 to 1.0, which is a significant increase from .98 to 1.0 at December 31, 2010.

There was a significant decrease in accrued liabilities and other as a result of the Company s decision to sell metal on a spot basis as opposed to pre-selling, which it had done during the first quarter of last year and the repayment of the Mitsubishi gold lease position.

Operating Highlights and Statistics

Palmarejo Mine:

Production during the first quarter of 2011 was 1.7 million ounces of silver and 27,759 ounces of gold representing increases of 33.0% and 23.0%, respectively, compared to the first quarter of 2010. Production costs applicable to sales increased by 45.9% during the quarter due to an increase in production. Cash operating costs and total cash costs during the first quarter decreased by 11.3% to $4.80 per ounce compared to the first quarter of 2010. The increase in production levels are primarily due to a 52.7% increase in silver ore grades, and 60.0% increase in gold ore grades as compared to last year s first quarter.

San Bartolomé Mine:

Silver production for the first quarter of 2011 was 1.7 million ounces of silver, compared to 1.0 million ounces of silver in the first quarter of 2010. Production costs applicable to sales increased by 53.1% during the quarter due to an increase in production. Total cash operating costs per ounce during the first quarter of 2011 were $9.13 and total cash costs per ounce, including royalties and taxes, were $10.47, compared to $9.98 and $10.84, respectively, in the first quarter of 2010. Tons milled increased to 387,668, from 293,106 in the first quarter of 2010. Silver ore grades increased 49.7% as compared to the first quarter of 2010.

On October 14, 2009, 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 Cerro Rico mountain are undertaken. The Company holds rights to mine above this elevation under valid contracts backed by Supreme Decree with COMIBOL as well as contracts with local mining cooperatives who hold

their rights through 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 mine plan has been temporarily adjusted and mining continues on the remainder of the property. In March 2010, San Bartolomé began mining operations in high grade material located in the Huacajchi deposit above the 4,400 meter level under an agreement with the Cooperative Reserva Fiscal, although restrictions on mining above the 4,400 meter level continue. The Huacajchi deposit was confirmed to be excluded from the October 2009 resolution. Access to the Huacajchi deposit and its higher grade material is having a beneficial effect on production and cost at the mine. Other mining areas above the 4,400 meter level continue to be suspended. 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.

Rochester Mine:

Production was 333,696 ounces of silver and 1,451 ounces of gold during the first quarter of 2011 compared to 522,159 ounces of silver and 2,690 ounces of gold in the first quarter of 2010. Production was lower due to continued leach down of the ore on the existing leach pad. Production cost applicable to sales increased by 25.9% during the quarter due to the costs and recoveries associated with the residual heap leaching process. Total cash operating costs per ounce in the first quarter of 2011 were $10.28 and total cash costs per ounce, including production taxes, were $11.86 in the first quarter of 2011 as compared to total cash operating costs per ounce of $1.68 and total cash costs per ounce of $2.35 in the first quarter of 2010. The increase in total cash cost per ounce was primarily due to a decrease in production as described above.

In 2008, the Company commenced studies to investigate the potential to recommence mining and leaching of new material and in 2009 and 2010 completed feasibility studies 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 expected to begin being recovered in the fourth quarter of 2011.

Kensington Mine:

The Kensington mine is an underground gold mine that commenced commercial production on July 3, 2010. Production for the first quarter of 2011 was 23,676 ounces of gold. Total cash operating costs per ounce in the first quarter of 2011 were $988.75.

Martha Mine:

Silver production decreased 50.7% to 179,985 ounces in the first quarter of 2011 compared to 365,226 million ounces in the first quarter of 2010. Production costs applicable to sales decreased by 97.9% during the quarter due to a decrease in silver production. Total cash operating costs per ounce in the first quarter of 2011 were $24.44 and total cash costs per ounce, including royalties and taxes, were $25.46, as compared to $15.47 and $15.95, respectively, during the first quarter of 2010. The decrease in silver production was primarily due to a 51.0% decrease in ore grade.

Endeavor Mine:

Silver production at the Endeavor mine in the first quarter of 2011 was 149,182 ounces compared to 204,253 ounces in the first quarter of 2010. Production costs applicable to sales increased 34.5% during the quarter due to the increased operating cost contribution. Total cash costs per ounce of silver produced were $17.15 in the first quarter of 2011 compared to $7.40 in the first quarter of 2010. The increase in total cash cost per ounce was primarily due to the price participation component terms of the transaction, in accordance with the silver purchase agreement with CBH Resources Ltd. Under the terms of the price participation component, CDE Australia Pty. Ltd, a subsidiary of the Company, pays an additional operating cost contribution of 50% of the amount by which the silver price exceeds $7.00 per ounce.

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As of March 31, 2011, CDE Australia Pty Ltd had recovered approximately 64.0% of the transaction consideration consisting of 3.2 million payable ounces, or 15.6% of the 20.0 million maximum payable silver ounces to which CDE Australia Pty Ltd is entitled under the terms of the silver sale and purchase agreement. No assurances can be made that the mine will achieve its 20.0 million payable silver ounce maximum.

Operating Statistics from Continuing Operations

The following table presents information by mine and consolidated sales information for the three month period ended March 31, 2011 and 2010:

	Three months ended March 31,	
	2011	**2010**
Silver Operations:		
Palmarejo		
Tons milled	398,740	458,006
Ore grade/Ag oz	5.97	3.91
Ore grade/Au oz	0.08	0.05
Recovery/Ag oz	72.7%	72.7%
Recovery/Au oz	87.4%	92.1%
Silver production ounces	1,729,766	1,300,593
Gold production ounces	27,759	22,577
Cash operating costs/oz	$ 4.80	$ 5.41
Cash cost/oz	$ 4.80	$ 5.41
Total production cost/oz	$ 24.40	$ 21.39
San Bartolomé		
Tons milled	387,668	293,106
Ore grade/Ag oz	5.60	3.74
Recovery/Ag oz	88.6%	94.8%
Silver production ounces	1,710,948	1,039,926
Cash operating costs/oz	$ 9.13	$ 9.98
Cash cost/oz	$ 10.47	$ 10.84
Total production cost/oz	$ 13.37	$ 13.89
Martha		
Tons milled	17,818	17,575
Ore grade/Ag oz	12.06	24.59
Ore grade/Au oz	0.02	0.03
Recovery/Ag oz	83.7%	84.5%
Recovery/Au oz	75.3%	88.5%
Silver production ounces	179,985	365,226
Gold production ounces	244	515
Cash operating costs/oz	$ 24.44	$ 15.47
Cash cost/oz	$ 25.46	$ 15.95
Total production cost/oz	$ 29.28	$ 22.31
Rochester (A)		
Silver production ounces	333,696	522,159
Gold production ounces	1,451	2,690
Cash operating costs/oz	$ 10.28	$ 1.68

Cash cost/oz	$	11.86	$	2.35
Total production cost/oz	$	13.53	$	3.37
Endeavor				
Tons milled		167,287		129,872
Ore grade/Ag oz		2.00		3.27
Recovery/Ag oz		44.5%		48.1%
Silver production ounces		149,182		204,253
Cash operating costs/oz	$	17.15	$	7.40
Cash cost/oz	$	17.15	$	7.40
Total production cost/oz	$	21.30	$	10.63

	Three months ended March 31,	
	2011	2010
Gold Operation:		
Kensington[B]		
Tons milled	105,820	
Ore grade/AU oz	0.24	
Rocovery/AU oz	92.4%	
Gold production ounces	23,676	
Cash operating costs/oz	$ 988.75	$
Cash cost/oz	$ 988.75	$
Total production cost/oz	$ 1,384.30	$

	2011	2010
CONSOLIDATED PRODUCTION TOTALS[C]		
Total silver ounces	4,103,577	3,432,157
Total gold ounces	53,130	25,782
Silver Operations:[D]		
Cash operating costs per oz/silver	$ 8.36	$ 7.41
Cash cost per oz/silver	$ 9.10	$ 7.83
Total production cost/oz	$ 19.02	$ 15.84
Gold Operation:[E]		
Cash operating costs/oz	$ 988.75	$
Cash cost/oz	$ 988.75	$
Total production cost/oz	$ 1,384.30	$
CONSOLIDATED SALES TOTALS [F]		
Silver ounces sold	3,659,154	3,633,695
Gold ounces sold	65,948	25,734
Realized price per silver ounce	$ 31.27	$ 16.84
Realized price per gold ounce	$ 1,374	$ 1,104

(A) The leach cycle at Rochester requires 5 to 10 years to recover gold and silver contained in the ore. The Company estimates the ultimate recovery to be approximately 61% for silver and 92% for gold. However, ultimate recoveries will not be known until leaching operations cease, which is currently estimated for 2014 for the current leach pad. Current recovery may vary significantly from ultimate recovery. See Critical Accounting Policies and Estimates Ore on Leach Pad.

(B) Kensington achieved commercial production on July 3, 2010.

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

(D) Amount includes by-product gold credits deducted in computing cash costs per ounce.

(E) Amounts reflect Kensington per ounce statistics only.

(F) Units sold at realized metal prices will not match reported metal sales due primarily to the effects on revenues of mark-to-market adjustments on embedded derivatives in the Company s provisionally priced sales contracts.

Operating Costs per Ounce and Cash Costs per Ounce are calculated by dividing the operating cash costs and cash costs computed for each of the Company s mining properties for a specified period by the amount of gold ounces or silver ounces produced by that property during that same period. Management uses cash operating costs per ounce and cash costs per ounce as key indicators 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.

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

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

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The following tables present a reconciliation between non-U.S. GAAP cash operating costs per ounce and cash costs per ounce to production costs applicable to sales including depreciation, depletion and amortization, which are calculated in accordance with U.S. GAAP:

Reconciliation of Non-U.S. GAAP Cash Costs to U.S. GAAP Production Costs March 31, 2011

(In thousands except ounces and per ounce costs)	Palmarejo	San Bartolomé	Kensington	Rochester	Martha	Endeavor	Total
Production of silver (ounces)	1,729,766	1,710,948		333,696	179,985	149,182	4,103,577
Production of gold (ounces)			23,676				23,676
Cash operating cost per Ag ounce	$ 4.80	$ 9.13		$ 10.28	$ 24.44	$ 17.15	$ 8.36
Cash costs per Ag ounce	$ 4.80	$ 10.47		$ 11.86	$ 25.46	$ 17.15	$ 9.10
Cash operating cost per Au ounce			$ 988.75				$ 988.75
Cash cost per Au ounce			$ 988.75				$ 988.75
Total Cash Operating Cost (Non-U.S. GAAP)	$ 8,311	$ 15,615	$ 23,410	$ 3,429	$ 4,399	$ 2,558	$ 57,722
Royalties		2,304		330	183		2,817
Production taxes				200			200
Total Cash Costs (Non-U.S. GAAP)	8,311	17,919	23,410	3,959	4,582	2,558	60,739
Add/Subtract:							
Third party smelting costs			(2,650)		(1,373)	(563)	(4,586)
By-product credit	38,468			2,015	339		40,822
Other adjustments	221	(189)		42	96		170
Change in inventory	(9,631)	(3,612)	12,160	1,341	(4,034)	(895)	(4,671)
Depreciation, depletion and amortization	33,666	5,143	9,365	514	591	619	49,898
Production costs applicable to sales, including depreciation, depletion and amortization (U.S. GAAP)	$ 71,035	$ 19,261	$ 42,285	$ 7,871	$ 201	$ 1,719	$ 142,372

March 31, 2010

(In thousands except ounces and per ounce costs)	Palmarejo	San Bartolomé	Kensington	Rochester	Martha	Endeavor	Total
Production of silver (ounces)	1,300,593	1,039,926		522,159	365,226	204,253	3,432,157
Production of gold (ounces)							
Cash operating cost per Ag ounce	$ 5.41	$ 9.98		$ 1.68	$ 15.47	$ 7.40	$ 7.41
Cash costs per Ag ounce	$ 5.41	$ 10.84		$ 2.35	$ 15.95	$ 7.40	$ 7.83
Cash operating cost per Au ounce			$				$
Cash cost per Au ounce			$				$

Total Cash Operating Cost (Non-U.S. GAAP)	$ 7,030	$ 10,379	$	$ 878	$ 5,648	$ 1,511	$ 25,446
Royalties		892			177		1,069
Production taxes				348			348
Total Cash Costs (Non-U.S. GAAP)	7,030	11,271		1,226	5,825	1,511	26,863
Add/Subtract:							
Third party smelting costs	(784)				(693)	(264)	(1,741)
By-product credit	25,045			2,988	571		28,604
Other adjustments				68	6		74
Change in inventory	(3,408)	(1,868)		1,507	1,617	(629)	(2,781)
Depreciation, depletion and amortization	20,793	3,177		465	2,317	660	27,412
Production costs applicable to sales, including depreciation, depletion and amortization (U.S. GAAP)	$ 48,676	$ 12,580	$	$ 6,254	$ 9,643	$ 1,278	$ 78,431

Exploration Activity

During the three months ending March 31, 2011, the Company drilled over 14,000 meters (45,900 feet) of new core on its global exploration program. The majority of this was devoted to exploration at the Company s Palmarejo, Kensington, and Martha mine properties.

Palmarejo (Mexico)

The Company completed over 9,900 meters (32,500 feet) in 28 new core holes in the quarter to discover new silver and gold mineralization and define new ore reserves. This exploration work concentrated primarily around the Palmarejo mine from both surface and underground drill platforms with 21 new core holes; the majority of which were completed at the Tucson and Chapotillo zones in the current Palmarejo surface mine area. Many assay results were pending as of March 31, 2011, but the Company received positive results from Tucson and a new targeted area, La Virginia, immediately north of the surface mine.

San Bartolomé (Bolivia)

A new program of trenching and sampling, designed to increase ore reserves and mineral resources, commenced in the first quarter of 2011. This program is planned to test areas in the Huacajchi (southwest), Santa Rita (southeast), and Diablo (north) sectors of the mine.

Kensington (USA)

Exploration at Kensington consisted of 1,430 meters (4,691 feet) of core drilling to discover new mineralization and expand ore reserves. The main focus for this drilling was on the Raven structure, a prominent gold-bearing quartz vein, and vein splays situated about 650 meters (2,100 feet) west of the current Kensington mining area. Several high-grade intercepts were encountered in this drilling. At the end of the quarter, drilling commenced on Comet, a new quartz vein target, located south of Raven.

Rochester (USA)

Drilling at Rochester in the first quarter was entirely devoted to geotechnical projects in support of commencement of new mining. Exploration drilling is slated to commence in the second quarter.

Martha and Joaquin (Argentina)

A total of 3,167 meters (10,400 feet) of core drilling were completed on all targets in the Santa Cruz Province of southern Argentina in the first quarter of 2011. This included over 2,547 meters (8,356 feet) of drilling at the Martha mine in the first quarter of 2011 on the Martha Norte and Betty zones. The Company also conducts exploration in other parts of the Santa Cruz Province in Argentina. In the first quarter of 2011, the Company focused this effort on the Joaquin joint venture property, on which the Company recently elected to exercise its next option to acquire a 61% managing interest in the joint venture.

Critical Accounting Policies and Estimates

Use of Estimates: The preparation of the Company s consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in their consolidated financial statements and accompanying notes. The areas requiring significant management estimates and assumptions relate to: recoverable ounces from proven and probable reserves that are the basis of future cash flow estimates and units-of-production depreciation and amortization calculations; useful lives utilized for depreciation, depletion and amortization; estimates of future cash flows for long-lived assets; estimates of recoverable gold and silver ounces in ore on leach

pad; amount and timing of reclamation and remediation costs; valuation allowance for deferred tax assets; assessment of valuation allowance for value added tax receivables, and other employee benefit liabilities.

Reclassifications: Certain reclassifications of prior year balances have been made to conform to the current year presentation. The most significant reclassifications were to reclassify the Cerro Bayo statements of operations from historical presentation to income (loss) from discontinued operations in the consolidated statements of operations for all periods presented.

Correction of an Immaterial Error: In the fourth quarter of 2010, the Company identified an error in the amount of income tax benefit recognized in 2009. The Company assessed the materiality of this error in accordance with Staff Accounting Bulletin No. 108 and determined that the error was immaterial to previously reported amounts contained in its periodic reports and the Company intends to correct this error through subsequent periodic filings. See Note D Correction of an Immaterial Error in the Company s Form 10K for the year ended December 31, 2010.

Please see NOTE C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES in the Company s latest Form 10-K for additional critical accounting policies and estimates.

RESULTS OF OPERATIONS

Three Months Ended March 31, 2011 Compared to Three Months Ended March 31, 2010

Sales of metal from continuing operations in the first quarter of 2011 increased by 126.1% to $199.6 million from $88.3 million in the first quarter of 2010. The increase in sales of metal was due to a 156.3% increase in the quantity of gold ounces sold, primarily from the Company s Palmarejo silver and gold mine and the Kensington gold mine, which began commercial production on July 3, 2010. In the first quarter of 2011, the Company sold 3.7 million ounces of silver and 65,948 ounces of gold compared to 3.6 million ounces of silver and 25,734 ounces of gold for the same period in 2010. Realized silver and gold prices in the first quarter of 2011 increased 85.7% and 24.5%, respectively, over the first quarter 2010. Realized silver and gold prices were $31.27 and $1,374 per ounce, respectively, in the first quarter of 2011, compared to $16.84 and $1,104 per ounce, respectively, in the comparable quarter of 2010.

Included in sales of metals are the by-product sales derived from the sale of gold by our silver mines. Total gold sales for the periods ending March 31, 2011 and 2010 were $87.1 and $28.3 million, respectively. Of those totals, by-product metal sales were $39.0 million compared to $28.3 million, respectively. The Company believes that presentation of these metal sales as a by-product from its silver operations will continue to be appropriate in the future.

In the first quarter of 2011, the Company produced a total of 4.1 million ounces of silver and 53,130 ounces of gold, compared to 3.4 million ounces of silver and 25,782 ounces of gold in the first quarter of 2010. The increase is primarily due to higher production from Palmarejo and San Bartolomé from the same time period in 2010. The Company s total gold production in the first quarter of 2011 increased 27,348, or 106.1%, to 53,130 ounces, as compared to 25,782 ounces in the comparable period in 2010. The increase was driven by the Kensington mine, which operated at full capacity during the first quarter of 2011.

While quarterly sales of metal rose 126.1%, production costs applicable to sales of metal in the first quarter of 2011 increased only 78.5% from $51.8 million to $92.5 million in the first quarter of 2011.

Depreciation and depletion increased by $22.3 million, from $27.7 million to $50.0 million, compared to the first quarter of 2010. The increase is due to depreciation and depletion expense from the Kensington mine, which commenced commercial production in the third quarter of 2010.

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Costs and Expenses

Administrative and general expenses increased by $5.5 million, from $6.7 million to $12.2 million, as compared to the first quarter of 2010. The increase is due to the expensing of non-cash incentive compensation, corporate administrative, legal and other costs.

Exploration expenses increased to $2.8 million in the first quarter of 2011 compared to $2.5 million in the same period of 2010.

Other Income and Expenses

The Company recognized $0.5 million of losses on debt extinguishments during the first quarter of 2011 related to the payment on the Senior Term Notes due 2012 compared to a loss of $7.9 million during the first quarter of 2010, due to the exchange of a portion of the 3.25% Convertible Senior Notes due 2028 and the 1.25% Convertible Senior Notes due 2024 for shares of common stock.

Non-cash fair value adjustments, net in the three months ended March 31, 2011 were $5.3 million compared to $4.3 million in the first quarter of 2010. The majority of the increase was due to Franco-Nevada derivative adjustments realized during the quarter, offset by a decrease of foreign currency contracts and Mandalay derivatives.

Interest and other income in the first quarter of 2011 increased by $0.2 million to a gain of $1.9 million compared with the first quarter of 2010.

Interest expense, net of capitalized interest, increased to $9.3 million in the first quarter of 2011 from $5.8 million in the first quarter of 2010. The increase in interest expense was primarily due to a decrease in capitalized interest related to the Kensington mine, which was placed into service on July 3, 2010, thereby decreasing capitalized interest.

Income Taxes

For the three months ended March 31, 2011, the Company reported an income tax provision of approximately $12.9 million compared to an income tax benefit of $7.0 million in the first quarter of 2010. The following table summarizes the components of the Company s income tax benefit (provision) for the three months ended March 31, 2011 and 2010 (in thousands):

		Three months ended March 31,	
		2011	**2010**
Current:			
United States	Alternative minimum tax	$ 1,938	$
United States	Foreign withholding	(78)	(491)
Argentina		98	(13)
Australia		101	
Mexico		(50)	(50)
Bolivia		(9,079)	831
Deferred:			
United States		(616)	(5,936)
Australia		(519)	(290)
Mexico		(3,776)	14,369
Bolivia		(958)	(1,423)
Income tax benefit (provision)		$ (12,939)	$ 6,997

During the three months ended March 31, 2011, the Company recognized a current provision in Bolivia primarily related to higher metal prices and inflation adjustments on non-monetary assets. Further, the Company accrued foreign withholding taxes of approximately $0.1 million on inter-company transactions between the U.S. parent and subsidiaries operating in Mexico, Argentina and Australia, and a $2.0 million benefit for anticipated operating losses in the U.S. In addition, the Company recognized a net $5.9 million deferred tax provision for the recognition of deferred taxes on deductible temporary differences, foreign exchange rate adjustments and net operating loss carryforwards in various jurisdictions (principally in Bolivia and Mexico).

During the three months ended March 31, 2010, the Company recognized a current benefit in Bolivia primarily related to inflationary adjustments on non-monetary assets. Further, the Company accrued foreign withholding taxes of approximately $0.5 million on inter-company transactions between the U.S. parent and subsidiaries operating in Mexico, Argentina and Australia. Finally, the Company recognized a net $6.7 million deferred tax benefit for the recognition of deferred taxes on deductible temporary differences, foreign exchange rate adjustments and net operating loss carryforwards in various jurisdictions (principally in Mexico).

Results of Discontinued Operations

In August 2010, the Company closed the sale of its interest in the Cerro Bayo mine. Pursuant to U.S. GAAP, Cerro Bayo has been reported in discontinued operations for the three month period ended March 31, 2010. There was no gain (loss) from discontinued operations for the three month period ended March 31, 2011. The loss from discontinued operations (net of taxes) for the three month period ended March 31, 2010 was $2.8 million.

The following is a summary of the Company s discontinued operations included in the consolidated statements of operations for the three months ended March 31, 2011 and March 31, 2010 (in thousands):

		Three months ended March 31, 2010
Sales of metals	$	
Depreciation and depletion		(1,054)
Other operating expenses		(1,077)
Interest and other income		(338)
Income tax (expense)		(343)
Gain on sale of discontinued operations, net of taxes		
Income (loss) from discontinued operations	$	(2,812)

LIQUIDITY AND CAPITAL RESOURCES

Working Capital; Cash and Cash Equivalents

The Company s working capital at March 31, 2011, increased by $75.9 million to approximately $71.4 million compared to a deficit of $4.5 million at December 31, 2010. The ratio of current assets to current liabilities was 1.33 to 1 at March 31, 2011 and was 0.98 to 1 at December 31, 2010.

Net cash provided by operating activities in the three months ended March 31, 2011 was $35.8 million, compared with net cash used in operating activities of $9.2 million in the three months period

ended March 31, 2010. Excluding changes in operating assets and liabilities, the Company s operating cash flow consisted of the following:

	Three months ended March 31,	
	2011	2010
	(In thousands)	
CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ 35,786	$ (9,230)
Changes in operating assets and liabilities:		
Receivables and other current assets	4,860	11,287
Inventories	12,493	2,657
Accounts payable and accrued liabilities	36,663	23,000
Operating cash flow	$ 89,802	$ 27,714

Net cash used in investing activities in the first quarter of 2011 was $16.6 million, compared to $47.3 million used in investing activities in the first quarter of 2010. The decrease is primarily due to lower capital investment activity at the Kensington mine. The Company s financing activities used $20.9 million of cash during the three months ended March 31, 2011 compared to cash provided by financing activity of $89.7 million during the three months ended March 31, 2010. The decrease is primarily due to cash payments on existing debt in the current quarter and the receipt of the proceeds from issuance of notes in the first quarter of 2010.

Liquidity

As of March 31, 2011, the Company s cash, equivalents and short-term investments totaled $64.4 million compared to $66.1 million as of December 31, 2010.

Capitalized Expenditures

During the three months ended March 31, 2011, capital expenditures totaled $15.9 million, compared to $47.2 million for the first quarter of 2010.

Gold Lease Facility

As of March 31, 2011, the Company had no gold leased from MIC. At December 31, 2010, the Company had 10,000 ounces of gold leased from MIC, which it delivered to MIC on March 22, 2011. The Company accounts for the gold lease facility as a derivative instrument, which is recorded in accrued liabilities and other in the balance sheet.

As of December 31, 2010, based on the current futures metals prices for each of the delivery dates and using a 3.1% discount rate, the fair value of the instrument was a liability of $14.1 million. The pre-credit risk adjusted fair value of the net derivative liability as of December 31, 2010 was $14.2 million. A credit risk adjustment of $0.1 million to the fair value of the derivative reduced the reported amount of the net derivative liability on the Company s consolidated balance sheet to $14.1 million. Mark-to-market adjustments for the gold lease facility amounted to a gain of $1.4 million for the three months ended March 31, 2010. The Company recorded realized losses of $2.0 million for the three months ended March 31, 2010. The mark-to-market adjustments and realized losses are included in fair value adjustments, net.

Debt and Capital Resources

3.25% Convertible Senior Notes due 2028

As of March 31, 2011, the outstanding balance of the 3.25% Convertible Senior Notes was $48.7 million, or $43.8 million net of debt discount.

The fair value of the notes outstanding, as determined by market transactions at March 31, 2011, and December 31, 2010 was $48.5 million and $48.2 million, respectively. The carrying value of the equity component at March 31, 2011, and December 31, 2010 was $10.9 million and $10.9 million, respectively.

During the first quarters of 2011 and 2010, interest expense recognized was $0.4 million and $1.2 million, respectively, and accretion of the debt discount was $0.6 million and $1.4 million, respectively. The debt discount remaining at March 31, 2011 was $4.9 million, which will be amortized through March 15, 2013. The effective interest rate on the notes was 8.9%.

1.25% Convertible Senior Notes due 2024

During the first three months of 2011, the Company repurchased or redeemed all of the 1.25% Convertible Senior Notes due 2024 that were outstanding as of December 31, 2010 and, accordingly, there were no outstanding 2024 notes as of March 31, 2011. The notes were originally issued on January 13, 2004.

On January 18, 2011, the Company repurchased $945,000 in aggregate principle amount of the notes pursuant to a Tender Offer Statement filed on December 10, 2010. The Company repurchased the remaining $914,000 in aggregate principal amount of the notes outstanding on January 21, 2011.

Senior Term Notes due December 31, 2012

As of March 31, 2011 the balance of the Senior Term Notes was $26.3 million.

For the three months ended March 31, 2011 the Company paid $3.8 million in principal and $0.5 million in interest in connection with the quarterly payments due under the notes. In addition, a loss of $0.5 million for the three months ended March 31, 2011 was realized in connection with quarterly debt payments and early payoff premiums. The loss is recorded in debt extinguishments.

Kensington Term Facility

As of March 31, 2011 the balance of the Kensington Term Facility was $96.7 million.

Borrowings under the amended Kensington term facility bear interest at a rate equal to LIBOR plus 4.5% per year. Interest of $0.2 million was capitalized into the loan balance for the three months ended March 31, 2011.

As a condition to the amended Kensington term facility with Credit Suisse, the Company agreed to enter into a gold hedging program which protects a minimum of 187,500 ounces of gold production over the life of the facility against the risk associated with fluctuations in the market price of gold. This program consists of a series of zero cost collars which consist of a floor price and a ceiling price of gold. Collars protecting 232,500 ounces of gold were outstanding at March 31, 2011. The weighted average put feature of each collar was $940.35 and the weighted average call feature of each collar was $1,852.62. Collars protecting 182,500 ounces of gold were outstanding on December 31, 2010. The weighted average put feature on each collar was $911.99 and the weighted average call feature on each collar was $1,795.18.

Capital Leases

During the three months ended March 31, 2011, Coeur Mexicana SA de CV (Coeur Mexicana), a wholly-owned subsidiary of the Company, entered into sale and leaseback transactions that have associated monthly payments to be paid until April of 2014. As of March 31, 2011, the outstanding balance on these capital leases was $27.2 million.

Other capital leases for equipment and facilities leases totaling $10.1 million were outstanding at March 31, 2011 with monthly payments through June 1, 2014.

Other

On July 6, 2010, the Company entered into a short-term financing agreement with AFCO Credit Corporation of $2.4 million bearing interest at 2.9% to finance insurance premiums. Installments of $0.2 million are paid monthly with the final payment to be made on June 1, 2011. As of March 31, 2011, the outstanding balance was $0.4 million.

On July 15, 2009, to fund equipment purchases, Coeur Mexicana entered into an equipment financing agreement bearing interest at 8.26% with Atlas Copco. This agreement is secured by certain machinery and equipment. Twenty-four monthly installments will be made on the loans with the final payment being made on January 31, 2012. As of March 31, 2011, the outstanding balance was $0.8 million.

Palmarejo Gold Production Royalty Obligation

The Company recognized accretion expense of $4.8 million and $5.1 million for the three months ended March 31, 2011 and 2010, respectively. As of March 31, 2011 and December 31, 2010, the remaining minimum obligation under the royalty agreement was $78.4 million and $80.3 million, respectively.

Capitalized Interest

The Company capitalizes interest incurred on its various debt instruments as a cost of properties under development. For the three months ended March 31, 2011, and 2010 the Company capitalized interest of $0.2 million and $4.1 million, respectively. The decrease in the amount of interest capitalized was the result of the Kensington mine going into production in July of 2010.

Litigation and Other Events

For a discussion of litigation and other events, see Note 19 to the Company s Consolidated Financial Statements, Litigation and Other Events.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

Risk Mitigation Overview

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

The Company s operating results are substantially dependent upon the world market prices of silver and gold. The Company has no control over silver and gold prices, which can fluctuate widely and are affected by numerous factors, such as supply and demand and investor sentiment. From time to time, in order to mitigate some of the risk associated with these fluctuations, the Company may enter into forward sale contracts. The Company continually evaluates the potential benefits of engaging in these strategies based on current market conditions. The Company may be exposed to nonperformance risk by counterparties as a result of its hedging activities. This exposure would be limited to the amount that the spot price of the metal falls short of the contract price. The Company enters into contracts and other arrangements from time to time in an effort to reduce the negative effect of price changes on its

cashflows. These arrangements typically consist of managing the Company s exposure to foreign currency exchange rates and market prices associated with changes in gold and silver commodity prices. The Company may also manage price risk by purchasing put options.

Concentrate Sales Contracts

The Company enters into concentrate sales contracts with third-party smelters. The contracts, in general, provide for a provisional payment based upon provisional assays and quoted metal prices. The provisionally priced sales contain an embedded derivative that is required to be separated from the host contract for accounting purposes. The host contract is the receivable from the sale of concentrates at the forward price at the time of sale. The embedded derivative, which is the final settlement price based on a future price, does not qualify for hedge accounting. These embedded derivatives are recorded as derivative assets (in Prepaid expenses and other) or derivative liabilities (in Accrued liabilities and other) on the balance sheet and are adjusted to fair value through earnings each period until the date of final settlement. At March 31, 2011, the Company had outstanding provisionally priced sales of $42.2 million, consisting of 107,191 ounces of silver and 28,116 ounces of gold, which had a fair value of $42.5 million including the embedded derivative. For each one cent per ounce change in realized silver price, revenue would vary (plus or minus) approximately $1,000; and for each one dollar per ounce change in realized gold price, revenue would vary (plus or minus) approximately $28,100. At December 31, 2010, the Company had outstanding provisionally priced sales of $35.7 million consisting of 647,711 ounces of silver and 12,758 ounces of gold, which had a fair value of approximately $37.4 million including the embedded derivative. For each one cent per ounce change in realized silver price, revenue would vary (plus or minus) approximately $6,000 and for each one dollar per ounce change in realized gold price, revenue would vary (plus or minus) approximately $12,800.

Foreign Currency Contracts

The Company operates, or has mining interests, in several foreign countries, specifically Australia, Bolivia, Mexico and Argentina, which exposes the Company to risks associated with fluctuations in the exchange rates of the currencies involved. From time to time, as part of its program to manage foreign currency risk, the Company may enter into foreign currency forward exchange contracts. These contracts enable the Company to purchase a fixed amount of foreign currencies at pre-established exchange rates. Gains and losses on foreign exchange contracts that are related to firm commitments are designated and effective as hedges and are deferred and recognized in the same period as the related transaction. All other contracts that do not qualify as hedges are marked to market and the resulting gains or losses are recorded in income. The Company continually evaluates the potential benefits of entering into these contracts to mitigate foreign currency risk and proceeds when it believes that the exchange rates are most beneficial.

The Company periodically enters into forward foreign currency contracts to reduce the foreign exchange risk associated with forecasted Mexican peso (MXP) operating costs at its Palmarejo mine. At March 31, 2011, the Company had MXP foreign exchange contracts of $22.2 million in U.S. dollars. These contracts require the Company to exchange U.S. dollars for MXP at a weighted average exchange rate of 12.67 MXP to each U.S. dollar and had a fair value of $1.0 million at March 31, 2011. The Company recorded mark-to-market gains of $1.0 million and $0.5 million for the three months ended March 31, 2011 and 2010, respectively, which is reflected in fair value adjustments, net. The Company recorded realized gains of $0.3 million and $0.04 million in Production costs applicable to sales during the three months ended March 31, 2011 and 2010, respectively.

Gold Lease Facility

As of March 31, 2011, the Company had no gold leased from Mitsubishi International Corporation (MIC). At December 31, 2010, the Company had 10,000 ounces of gold leased from MIC, which it delivered to MIC on March 22, 2011.

On December 12, 2008, the Company entered into a gold lease facility with MIC. Pursuant to this facility, the Company may lease amounts of gold from MIC and is obligated to deliver the same amounts back to MIC and to pay specified lease fees to MIC that are equivalent to interest at current market rates on the value of the gold leased. Pursuant to a Second Amended and Restated Collateral Agreement, the Company s obligations under the facility are secured by certain collateral. The collateral agreement specifies the maximum amount of gold the Company may lease from MIC, as well as the amount and type of collateral. The Company accounts for the gold lease facility as a derivative instrument, which is recorded in accrued liabilities and other in the balance sheet.

As of December 31, 2010, based on the current futures metals prices for each of the delivery dates and using a 3.1% discount rate, the fair value of the instrument was a liability of $14.1 million. The pre-credit risk adjusted fair value of the net derivative liability as of December 31, 2010 was $14.2 million. A credit risk adjustment of $0.1 million to the fair value of the derivative reduced the reported amount of the net derivative liability on the Company s consolidated balance sheet to $14.1 million. Mark-to-market adjustments for the gold lease facility amounted to a gain of $1.4 million for the three months ended March 31, 2010. The Company recorded realized losses of $2.0 million for the three months ended March 31, 2010. The mark-to-market adjustments and realized losses are included in fair value adjustments, net.

Palmarejo Gold Production Royalty

On January 21, 2009, the Company entered into the gold production royalty transaction with Franco-Nevada Corporation. The minimum royalty obligation ends when payments have been made on a total of 400,000 ounces of gold. As of March 31, 2011, a total of 305,088 ounces of gold remain outstanding under the minimum royalty obligation. The price volatility associated with the minimum royalty obligation is considered an embedded derivative financial instrument under U.S. GAAP. The fair value of the embedded derivative at March 31, 2011 and December 31, 2010 was a liability of $160.9 million and $162.0 million, respectively. During the three months ended March 31, 2011, and 2010, mark-to-market adjustments for this embedded derivative amounted to a gain of $1.1 million and a loss of $1.7 million, respectively. For the three months ended March 31, 2011 and 2010, realized losses on settlement of the liabilities were $7.5 million and $3.2 million respectively. The mark-to-market adjustments and realized losses are included in fair value adjustments, net in the consolidated statement of operations.

For each $1.00 increase in the price of gold, the fair value of the net derivative liability on March 31, 2011 would have increased by approximately $0.3 million. For each $1.00 decrease in the price of gold, the fair value of the net derivative liability on March 31, 2011 would have decreased by approximately $0.3 million.

Gold Forward Contracts

The Company purchases gold contracts to reduce the risk associated with potential decreases in the market price of gold. At December 31, 2010, the Company had one outstanding forward gold contract of 10,000 ounces at a fixed price of $1,380.00, which was settled on March 22, 2011 for a gain of $0.5 million.

Kensington Term Facility

On March 31, 2011, in connection with the Kensington Term Facility described in Note 10, Long-Term Debt and Capital Lease Obligation, Kensington Term Facility, the Company had outstanding call options requiring it to deliver 232,500 ounces of gold at a weighted average strike price of $1,852.62 per ounce if the market price of gold exceeds the strike price. At March 31, 2011, the Company had outstanding put options allowing it to sell 232,500 ounces of gold at a weighted average strike price of $940.35 per ounce if the market price of gold were to fall below the strike price. The contracts will expire over the next five years. As of March 31, 2011, the fair market value of these contracts was a net liability of $15.4 million. During the three months ended March 31, 2011, 11,250 ounces of gold call options at a weighted average strike price of $1,723.11 per ounce expired resulting in a realized gain of $0.7 million and 11,250 ounces of gold put options at a weighted average strike price of $878.56 per ounce expired resulting in a realized loss of $0.7 million.

Additional information about the Company s derivative financial instruments may be found in Note 15, Derivative Financial Instruments and Fair Value of Financial Instruments, to the Company s financial statements included in Item 1.

Item 4. Controls and Procedures

(a) Disclosure Controls and Procedures

As of the end of the period covered by this quarterly report, the Company carried out an evaluation, under the supervision and with the participation of the Company s management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the Exchange Act), and management necessarily applied its judgment in assessing the costs and benefits of such controls and procedures, which by their nature, can provide only reasonable assurance regarding management s control objectives. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events. Based upon the foregoing, the Company s Chief Executive Officer and Chief Financial Officer concluded that the Company s disclosure controls and procedures were effective and operating to provide reasonable assurance that information required to be disclosed by it in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms, and to provide reasonable assurance that such information is accumulated and communicated to the Company s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control over Financial Reporting

Based on an evaluation by the Company s Chief Executive Officer and Chief Financial Officer, such officers concluded that there was no change in the Company s internal control over financial reporting during the quarter ending March 31, 2011 that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

PART II. Other Information

Item 1. Legal Proceedings

The information contained under Note 19 to the consolidated financial statements in this Form 10-Q is incorporated herein by reference.

Item 1A. Risk Factors

Item 1A (Risk Factors) of the Company s Annual Report on Form 10-K for the year ended December 31, 2010 sets forth information relating to important risks and uncertainties that could materially adversely affect the Company s business, financial condition or operating results. Those risk factors continue to be relevant to an understanding of the Company s business, financial condition and operating results. Those risk factors have been supplemented and updated in this Form 10-Q as set forth below. References to we, our and us in these risk factors refer to the Company Additional risks and uncertainties that we do not presently know or that we currently deem immaterial may also impair our business operations.

***Coeur 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. The Company cannot assure you that its operations at the San Bartolomé mine in Bolivia will not be affected in the current political environment in Bolivia. In April 2011, media reports suggesting potential nationalization of mining interests led to clarifying statements from the Bolivian government that a recovery of mining interests does not apply to the Company s mining rights. The government explained that any potential nationalization efforts would not impact the Company due to the fact that we have union labor support and our mining rights are already derived from the Bolivian State and the mining cooperatives who hold their rights from the Bolivian State as well. It is unknown, however, if the current or future administration may take action contrary to these assurances. It is further also unknown if any new mining or investment policies or shifts in political attitude may affect mining in Bolivia.

On October 14, 2009, the Bolivian state-owned mining organization, 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 Cerro Rico mountain are undertaken. The Company holds rights to mine above this elevation under valid contracts backed by Supreme Decree with COMIBOL as well as contracts with local mining cooperatives that hold their rights through 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. In March 2010, the San Bartolomé mine began mining operations in high grade material located in the Huacajchi deposit above the 4,400 meter level under an agreement with the Cooperative Reserva Fiscal. Although restriction on mining above the 4,400 meter level continue, the Huacajchi deposit was confirmed to be excluded from the October 2009 resolution. The mine plan adjustment 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 temporary suspension will remain in place.

If the mining restriction is not lifted, the Company may need to write down the carrying value of the asset. It is also unknown if any new mining or investment policies or shifts in political attitude may affect mining in Bolivia.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Period	Total number of shares (or units) purchased (1)	Average price paid per share (or unit)		Total number of shares (or units) purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs
1/1/11 - 1/31/11 (1)	1,590	$	24.54		$
2/1/11 - 2/28/11 (1)	8,974		25.03		
3/1/11 - 3/31/11					
Total	10,564	$	24.96		$

(1) Represents shares withheld from employees to pay taxes related to the vesting of restricted shares.

Period	Total number of shares (or units) sold(2)	Average price received per share (or unit)		Total number of shares (or units) purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs
1/1/11 - 1/31/11(2)	3,830	$	10.00		$
2/1/11 - 2/28/11(2)	2,389	$	14.80		
3/1/11 - 3/31/11(2)	9,864	$	10.00		

Total	16,083	$	11.05	$

(2) Exercise of Employee Options

Item 5. Other Information

Mine Safety Disclosures

Information concerning any mine safety violations and other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act has been included in Exhibit 99.1 to this Quarterly Report on Form 10-Q.

Item 6. Exhibits

Exhibits	
3.1	Restated and Amended Articles of Incorporation of the Registrant, as amended effective May 26, 2009. (Incorporated herein by reference to Exhibit 3.1 o the Registrant s Quarterly Report on Form 10-Q for the quarter ended March 31, 2010).
3.2	Bylaws of the Registrant, as amended effective July 16, 2007. (Incorporated herein by reference to Exhibit 3 to the Registrant s Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).
3.3	Certificate of Designation, Preferences and Rights of Series B Junior Preferred Stock of the Registrant, as filed with Idaho Secretary of State on May 13, 1999. (Incorporated herein by reference to Exhibit 3(c) to the Registrant s Annual Report on Form 10-K for the year ended December 31, 2002).
3.4	Certificate of Amendment to the Certificate of Designation, Preferences and Rights of Series B Junior Preferred Stock of the Registrant, dated December 7, 2007. (Incorporated herein by reference to Exhibit 3(g) to the Registrant s Annual Report on Form 10-K for the year ended December 31, 2007).
31.1	Certification of the CEO
31.2	Certification of the CFO
32.1	Certification of the CEO (18 U.S.C. Section 1350)
32.2	Certification of the CFO (18 U.S.C. Section 1350)
99.1	Mine Safety Disclosure Exhibit
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.LAB	XBRL Labels Linkbase Document
101.PRE	XBRL Presentation Linkbase Document
101.DEF	Definition Linkbase Document

SIGNATURES

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

COEUR D ALENE MINES CORPORATION
(Registrant)

Dated May 9, 2011

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

Dated May 9, 2011

/s/ Mitchell J. Krebs
MITCHELL J. KREBS
Senior Vice President and Chief Financial Officer (Principal Financial Officer)