COEUR

Leadership in Silver

through

EXPLORATION

PROJECT DEVELOPMENT

OPERATING PERFORMANCE

ACQUISITION

COEUR D'ALENE MINES CORPORATION **2005 ANNUAL REPORT**

COEUR

Coeur d'Alene Mines Corporation (NYSE: CDE, TSX: CDM) is the world's largest publicly traded primary silver producer. The company has six operating mines and two development projects. In 2005, the company reported:

- *13.7 million ounces of silver produced*
- *134,000 ounces of gold produced*
- *A 13 percent increase in silver mineral reserves, to 221 million ounces*
- *$240 million in cash and short-term investments at year end, with zero net debt*
- *Two silver acquisitions and an industry-leading growth profile*
- *Progress on two major development projects*

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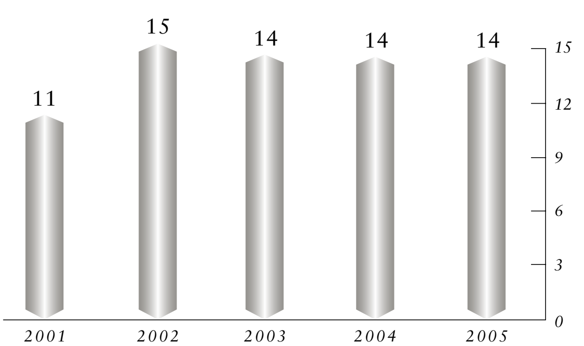
Coeur

HIGHLIGHTS

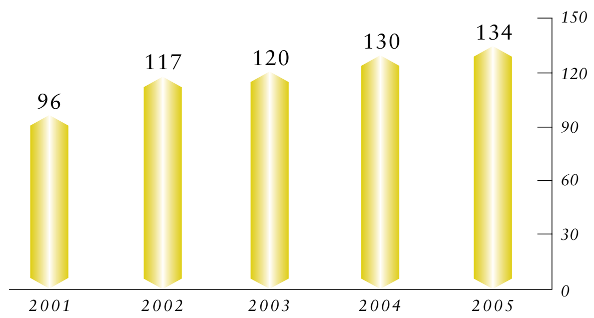
YEARS ENDED DECEMBER 31ST,	2005	2004	2003
FINANCIAL (IN THOUSANDS)			
Sales of Metal	$ 172,336	$ 132,807	$ 110,703
Net Income (Loss)	$ 10,551	$ (16,858)	$ (66,232)
Operating Cash Flow	$ 6,675	$ (18,581)	$ (5,126)
CAPITALIZATION (IN THOUSANDS)			
Total Assets	$ 594,816	$ 525,777	$ 259,467
Cash, Cash Equivalents and Short-Term Investments	$ 240,352	$ 322,072	$ 81,682
Long-Term Liabilities	$ 219,372	$ 210,173	$ 39,529
Shareholders' Equity	$ 341,553	$ 293,454	$ 197,478
PRODUCTION			
Silver Ounces	13,722,600	14,135,148	14,189,902
Gold Ounces	134,227	129,686	120,361
Cash Costs (per ounce of silver)	$ 4.26	$ 3.66	$ 3.27

AT DECEMBER 31,	2005	2004	2003
PROVEN AND PROBABLE MINERAL RESERVES (IN MILLIONS)			
Silver Ounces	221.4	196.2	174.6
Gold Ounces	1.3	1.4	1.4

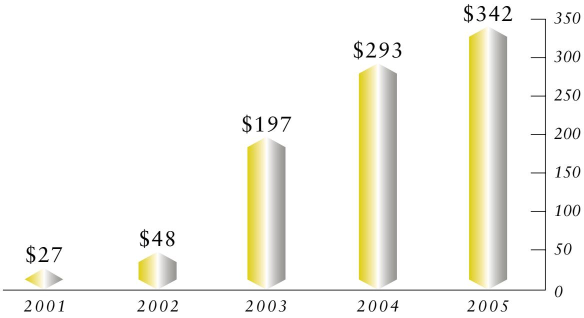
SILVER PRODUCTION (MM OZS.)



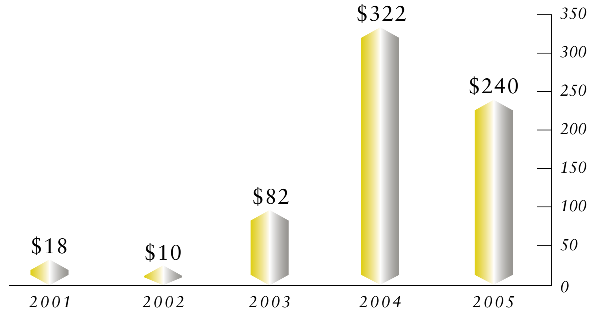
GOLD PRODUCTION (000s OZS.)



SHAREHOLDERS' EQUITY ($ MM)



CASH AND EQUIVALENTS ($ MM)



Coeur

LETTER TO SHAREHOLDERS

To Our Shareholders:

I am more optimistic about the company's future than I have ever been. Here's why: in 2005, the company

- Returned to profitability with a record-setting fourth-quarter performance and a strong balance sheet;
- Completed on-schedule permitting of the Kensington gold mine and began construction on July 1;
- Continued to move forward with the San Bartolome silver project;
- Completed two acquisitions of low-cost silver assets in Australia;
- Met our production goals for silver and gold;
- Boosted our proven and probable silver mineral reserves by 13 percent year over year;
- Enjoyed a bullish market for silver and gold, with the prospect for a continued favorable balance between supply and demand; and
- Made excellent progress in our effective safety and environmental programs.

"Our strategy is to become a company with increased production levels, lower cash-production costs, larger reserves, and higher cash flows and earnings."

These results are all the more remarkable when you consider that we posted this robust operating performance in the midst of what is a fundamental transformation of the company's asset base.

Specifically, our strategy is to become a company with increased production levels, lower cash-production costs, larger reserves, and higher cash flows and earnings. We aim to do this through cost-competitive operations, internal development projects, exploration, and acquisition.

We are confident that the steps we took in 2005 have positioned Coeur to remain the world's largest publicly traded primary silver producer. Let me cite additional detail in key areas.

Record-Level Financial Results – The company reported a record level of revenue and strong net income in 2005. Most of the company's mines turned in a solid operating performance with overall production levels that were comparable to those of 2004. The operating performance was aided by healthy price levels. Average market prices for silver in 2005 were up 10 percent and gold prices were up 9 percent relative to 2004. In addition, interest income increased, and the commencement of construction at Kensington eliminated pre-development expenses. Moreover, Coeur ended the year with a balance sheet that provides us with the resources and financial stability we need to advance our two major development projects. At year-end 2005, the company had $240 million in cash, cash equivalents, and short-term investments. And, for the fifth consecutive year we reported an increase in shareholders' equity in 2005. This key indicator reached $342 million at year-end 2005. That's up 16 percent from the year-ago period. . .and represents an increase of more than 12-fold since 2001.

Successful Acquisitions in Australia – In 2005, we acquired an interest in two Australian silver mines that perfectly fit our growth strategy. The Endeavor and Broken Hill properties provide us with an increment of more than 3 million ounces of annual silver production capacity with attractive cash operating costs of well below $3.00 per ounce. In addition, the acquisitions provided us with almost 40 million ounces of additional silver reserves.

Significant Increase in Mineral Reserves – As a result of our $11.9 million investment in exploration drilling in 2005 – in combination with the Australian acquisitions – our proven and probable silver mineral reserves as of

"Proven and probable silver mineral reserves increased by 13 percent relative to the year-ago level."

"For the fifth consecutive year, we reported an increase in shareholders' equity."

January 1, 2006 had increased by 13 percent to 221 million ounces relative to the year-ago reserve level. Our success in this area is the result not only of an aggressive and very focused program, but it reflects the fact that the properties controlled by Coeur are for the most part located in mineral-rich areas that offer the promise of additional increases in reserves and resources.

***Progress on Development Projects* –** During the year, we made significant progress on both of our major development projects.

- At Kensington, we obtained all required permits by mid-year and then commenced construction activity in the third quarter, with an eye toward beginning production there in 2007. We remain confident that the mine, which is expected to produce more than 100,000 ounces of gold annually, will generate attractive returns at recent gold prices.

- In Bolivia, we continued with engineering and construction activity on the San Bartolome project in 2005, albeit at a slower pace than Kensington as we awaited further clarity in that country's political landscape. We believe we can complete the project in 2007 at which time we expect San Bartolome to begin producing initially at a rate of 8 million annual ounces of silver.

***Demonstrated Improvement in Safety Performance and Environmental Stewardship* –** Coeur continued to focus on its commitment to safety during the past year. For example, Coeur Silver Valley was nominated for the Sentinels of Safety Award and reached a mine-specific record of 680 days with no lost time accidents. Rochester continued to post safety statistics better than industry averages and our South American operations reported a reduction in incidents even as they transitioned from contract mining to owner mining. On the environmental front, we continue to enjoy a reputation for operating in accordance with the highest standards of environmental compliance.
***Bullish Markets for Silver and Gold* –** Based on the very favorable market trends of 2005, Coeur continues to have a bullish outlook for silver and gold. Although full-year industry data was not yet available as this report went to print, fabrication demand for silver and gold was expected to show an increase of 4 percent or more in 2005 versus 2004, while mine production lagged that pace as it has for a number of years. Given the pattern of growth in demand for silver in jewelry and industrial applications – and the perennial demand for gold -- we believe the market prospects appear bright for 2006.
The employees of Coeur d'Alene Mines Corporation have worked very hard to sustain solid operating performance, to reduce our costs, expand our reserves, and improve the company's earnings. To them, I offer a sincere thank you for a job well done in 2005. I also want to commend your board of directors for the counsel they have provided to management. We look forward to the opportunities that lie ahead. We remain dedicated to building long-term value for our shareholders, and I thank you for your ongoing support.

"We acquired. . .more than 3 million ounces of annual silver production capacity."

Dennis E. Wheeler
Chairman, President and Chief Executive Officer

March 14, 2006

MINERAL RESERVES

YEAR END 2005	LOCATION	SHORT TONS (000s)	GRADE SILVER (OZ/TON)	GRADE GOLD (OZ/TON)	OUNCES (000s) SILVER (OUNCES)	OUNCES (000s) GOLD (OUNCES)
PROVEN RESERVES						
Rochester	Nevada, USA	10,168	0.86	0.011	8,765	113
Silver Valley	Idaho, USA	236	25.65	-	6,048	-
Cerro Bayo	Chile	439	8.58	0.15	3,764	68
Martha	Argentina	25	58.69	0.08	1,488	2
San Bartolome	Bolivia	-	-	-	-	-
Kensington	Alaska, USA	-	-	-	-	-
Endeavor	Australia	5,512	1.58	-	8,681	-
Broken Hill	Australia	8,522	1.31	-	11,134	-
		24,902			39,880	183
PROBABLE RESERVES						
Rochester	Nevada, USA	-	-	-	-	-
Silver Valley	Idaho, USA	208	23.20	-	4,830	-
Cerro Bayo	Chile	496	7.48	0.13	3,712	64
Martha	Argentina	42	61.26	0.08	2,566	3
San Bartolome	Bolivia	46,176	3.29	-	151,882	-
Kensington	Alaska, USA	4,206	-	0.25	-	1,050
Endeavor	Australia	6,614	2.22	-	14,661	-
Broken Hill	Australia	2,998	1.27	-	3,822	-
		60,740			181,473	1,117

MINERAL RESOURCES

YEAR END 2005	LOCATION	SHORT TONS (000s)	GRADE SILVER (OZ/TON)	GRADE GOLD (OZ/TON)	OUNCES (000s) SILVER (OUNCES)	OUNCES (000s) GOLD (OUNCES)
MEASURED RESOURCE						
Rochester	Nevada, USA	11,734	1.03	0.010	12,051	117
Silver Valley	Idaho, USA	847	12.18	-	10,308	-
Cerro Bayo	Chile	660	6.42	0.13	4,237	85
Martha	Argentina	25	38.46	0.05	975	1
San Bartolome	Bolivia	-	-	-	-	-
Kensington	Alaska, USA	-	-	-	-	-
Endeavor	Australia	5,291	2.13	-	11,267	-
Broken Hill	Australia	5,655	1.84	-	10,407	-
		24,212			49,245	203
INDICATED RESOURCE						
Rochester	Nevada, USA	3,912	1.03	0.010	4,018	39
Silver Valley	Idaho, USA	635	12.34	-	7,836	-
Cerro Bayo	Chile	1,558	3.72	0.08	5,797	122
Martha	Argentina	17	31.21	0.04	516	1
San Bartolome	Bolivia	70	2.29	-	160	-
Kensington	Alaska, USA	617	-	0.44	-	269
Endeavor	Australia	1,102	2.39	-	2,636	-
Broken Hill	Australia	1,742	1.72	-	3,002	-
		9,653			23,965	431
INFERRED RESOURCE						
Rochester	Nevada, USA	-	-	-	-	-
Silver Valley	Idaho, USA	1,099	11.07	-	12,161	-
Cerro Bayo	Chile	1,895	8.13	0.11	15,414	212
Martha	Argentina	93	49.80	0.06	4,611	5
San Bartolome	Bolivia	1,096	3.52	-	3,851	-
Kensington	Alaska, USA	2,499	-	0.23	-	584
Endeavor	Australia	2,094	1.60	-	3,360	-
Broken Hill	Australia	3,428	2.17	-	7,429	-
		12,204			46,826	801

Cautionary Note to U.S. Investors concerning estimates of Measured and Indicated Resources and Inferred Resources. These tables use the terms "measured" and "indicated resources" and "inferred resources." We advise U.S. investors that while those terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. U.S. investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into a higher category reserves. "Inferred resources" have a great amount of uncertainty as to their existence, and a great uncertainty as to their economic and legal feasibility. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. U.S. investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally minable.

Endeavor and Broken Hill reserves are effective as of June 30, 2005 and March 31, 2005, respectively. Metal prices used were $6.50/oz Ag and $410/oz Au, except Endeavor which uses a $7.06 Ag price.
For additional information relating to the mineral reserve and mineral resource estimates on each property (including pricing assumptions, cut-off grades and other parameters, assumptions and methods used to prepare the estimates) we refer you to each property's technical report which is electronically available to the public from the Canadian System for Electronic Document Analysis and Retrieval at http://www.sedar.com.

Donald J. Birak, Coeur's Senior Vice President of Exploration, is the qualified person responsible for the preparation of the scientific and technical information in this document. Mr. Birak has reviewed the available data and procedures and believes the calculation of resources and reserves in connection with these properties was conducted in a professional and competent manner.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2005

OR

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

Commission File Number 1-8641

COEUR D'ALENE MINES CORPORATION
(Exact name of registrant as specified in its charter)

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

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

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $1.00 per share	New York Stock Exchange/Toronto Stock Exchange/Pacific Stock Exchange
1 ¼% Convertible Senior Notes due January 15, 2024	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act.

Yes __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 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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 or a non-accelerated filer See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark if the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ________ No __X___

State the aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant. (The aggregate market value is computed by reference to the price at which the common equity was last sold as of the last business day of the registrant's most recently completed second fiscal quarter.)

$868,596,996

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of February 28, 2006.

250,141,360 shares of Common Stock, Par Value $1.00

DOCUMENTS INCORPORATED BY REFERENCE

The information called for by Part III of the Form 10-K is incorporated by reference from the registrant's definitive proxy statement which will be filed pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report.

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PART I

Item 1. Business

INTRODUCTION

Coeur d'Alene Mines Corporation is the largest primary silver producer in North America and is engaged, through its subsidiaries, in the operation and/or ownership, development and exploration of silver and gold mining properties and companies located primarily within the United States (Nevada, Idaho and Alaska) South America (Chile, Argentina and Bolivia), Australia (New South Wales) and Africa (Tanzania). Coeur d'Alene Mines Corporation and its subsidiaries are hereinafter referred to collectively as "Coeur" or the "Company."

OVERVIEW OF MINING PROPERTIES AND INTERESTS

The Company's most significant operating and development-stage mining properties and interests are:

- The **Rochester mine** is a silver and gold surface mining operation located in northwestern Nevada and is 100% owned and operated by Coeur. It is one of the largest primary silver mines in the United States. During 1999, the Company acquired the mineral rights to the **Nevada Packard** property, which is located one and one-half miles south of the Rochester mine, and commenced mining there in the first quarter of 2003.

- Coeur owns 100% of the **Cerro Bayo mine** in southern Chile, which comprises a high grade gold and silver underground mine and processing facilities. The Cerro Bayo deposit was discovered during 2000. Initial mining operations commenced in late 2001 and processing started in April 2002. The Company carries on an active exploration program on its 205 square mile property package.

- Coeur owns 100% of the capital stock of Coeur Argentina S.R.L., which owns and operates the high-grade **Martha underground silver mine** located 270 miles southeast of the Cerro Bayo Mine in Chile. Mining operations commenced at the Martha Mine in June 2002.

- Coeur owns 100% of the capital stock of Coeur Silver Valley ("Silver Valley"), which owns and operates the **Galena underground silver mine** and owns the adjacent **Coeur underground silver mine** that discontinued operations on July 2, 1998. In addition, Silver Valley owns the **Caladay property** that adjoins the Galena Mine and has operating control of several contiguous exploration properties in the Coeur d'Alene Silver Mining District of Idaho.

- The Company acquired, in May 2005, all of the silver production and reserves, up to 17.7 million payable ounces, contained at the **Endeavor mine** in Australia which is owned and operated by Cobar Operations Pty. Limited ("Cobar"), a wholly-owned subsidiary of CBH Resources Ltd. ("CBH") for up to $38.4 million. The Endeavor mine is an underground zinc/lead/silver mine located in New South Wales, Australia which has been in production since 1983.

- The Company acquired, in September 2005, all of the silver production and reserves, up to 17.2 million payable ounces, contained at the **Broken Hill mine** in Australia, which is owned and operated by Perilya Broken Hill Ltd. ("PBH") for $36.0 million. The Broken Hill Mine is located in New South Wales, Australia and is an underground zinc/lead/silver mine.

- Coeur owns 100% of Empressa Minera Manquiri S.A. **("Manquiri")**, a Bolivian company that controls the mining rights for the **San Bartolome project**, which is an open pit silver mine in Bolivia where an updated feasibility study was completed in 2004 and construction activities have commenced. The Company continues to monitor events in Bolivia to determine when to commence full scale construction activities. The Company believes that commercial production could begin as early as 2007.

- The Company owns 100% of the **Kensington property**, located north of Juneau, Alaska, which is a development-stage gold property. An updated feasibility study was completed for the property during 2004 and construction activities commenced in 2005. On November 12, 2005, the Federal District Court in Alaska granted a remand of the Section 404 permit to the Army Corp of Engineers and on November 22, 2005, the US Army Corp of Engineers suspended the permit to further review it. The Company believes the permit will be reinstated upon completion of the review which is expected in the first quarter of 2006. The Company is currently conducting construction activities not governed by the Section 404 permit. The Company believes production could commence as early as late 2007, subject to successful resolution of the permitting and litigation issues described above.

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

EXPLORATION STAGE MINING PROPERTIES

The Company, either directly or through wholly-owned subsidiaries, owns, leases and has interests in certain exploration-stage mining properties located in the United States, Chile, Argentina, Bolivia and Tanzania. In keeping with its overall efforts to focus its resources, the Company conducted the majority of its exploration activities during 2005 on or near existing properties where infrastructure and production facilities are already in place. During 2005, the Company significantly increased its exploration activities. During 2006, the Company expects to incur exploration costs of approximately $10.9 million.

BUSINESS STRATEGY

The Company's business strategy is to capitalize on the ore reserve/mineralized material bases located at its operating mines and the expertise of its management team to continue as one of the world's leading primary silver production companies through long-term, cash flow generating growth. The principal elements of the Company's business strategy are to: (i) increase the Company's silver production and reserves; (ii) decrease cash costs and increase production at the Company's existing silver mining operations; (iii) transform development-stage properties into producing mines; (iv) acquire operating mines, mineral interests, exploration and/or development properties with a view to reducing the Company's cash and total costs per ounce of silver produced, provide immediate positive cash flow return and expand its silver production base and reserves; and (v) continue to explore for new silver and gold discoveries primarily near its existing mine sites and evaluate new opportunities to expand its production through acquisitions and exploration.

SOURCES OF REVENUE

The Rochester mine, Cerro Bayo mine, Martha mine and Silver Valley's Galena mine, each operated by the Company, and the Endeavor and Broken Hill mines operated by others, constituted the Company's principal sources of mining revenues in 2005. The following table sets forth information regarding the percentage contribution to the Company's total revenues (i.e., revenues from the sale of concentrates and doré) by the sources of those revenues during the past five years:

Mine/Company	Coeur Percentage Ownership at December 31, 2005	Percentage of Total Revenues for the Years Ended December 31,				
		2005	2004	2003	2002	2001
Rochester Mine	100%	40%	48%	41%	59%	71%
Cerro Bayo Mine[1]	100	35	27	36	13	-
Martha Mine	100	12	7	8	4	-
Galena Mine	100	9	18	15	24	22
Endeavor Mine[2]	100	1	-	-	-	-
Broken Hill Mine[2]	100	3	-	-	-	-
Petorca Mine[3]	--	-	-	-	-	7
		100%	100%	100%	100%	100%

(1) The Company closed the original Fachinal Mine in 2000 and subsequently commenced operations at the Cerro Bayo Mine, located within the same property package but to the east of Fachinal, in April 2002.

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

(3) The Company closed the Petorca Mine in August 2001 and sold its interest on August 30, 2002. The Company's interest in the Petorca Mine was 100% prior to the sale.

DEFINITIONS

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

"Ag" is the abbreviation for silver.

"Au" is the abbreviation for gold.

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

"Cash Costs per Ounce" are calculated by dividing the cash costs computed for each of the Company's mining properties for a specific period by the amount of gold ounces or silver ounces produced by that property during that same period. Management uses cash costs per ounce produced as a key indicator of the profitability of each of its mining properties. Gold and silver are sold and priced in the world financial markets on a US dollar per ounce basis. By calculating the cash costs from each of the Company's mines on the same unit basis, management can easily determine the gross margin that each ounce of gold and silver produced is generating. While this represents a key indicator of the performance of the Company's mining properties you are cautioned not to place undue reliance on this single measurement. To fully evaluate a mine's performance, management also monitors US Generally Accepted Accounting Principles ("GAAP") based profit/(loss), depreciation and amortization expenses and capital expenditures for each mine as presented in Note O – Segment Information in the Notes to the Company's Consolidated Financial Statements. Total cash costs per ounce is a non-GAAP measurement and investors are cautioned not to place undue reliance on it and are urged to read all GAAP accounting disclosures presented in the consolidated financial statements and accompanying footnotes.

"Concentrate" is a product containing the valuable metal and from which most of the waste material in the ore has been eliminated.

"Cut-off Grade" is the lowest grade of mineral resource considered economic; used in the calculation of reserves in a given deposit.

"Cyanidation" is a method of extracting gold or silver by dissolving it in a weak solution of sodium or potassium cyanide.

"Dilution" is an estimate of the amount of waste or low-grade mineralized rock which will be mined with the ore as part of normal mining practices in extracting an ore body.

"Doré" is unrefined gold and silver bullion bars which contain gold, silver and minor amounts of impurities which will be further refined to almost pure metal.

"Gold" is a metallic element with minimum fineness of 999 parts per 1000 parts pure gold.

"Heap Leaching Process" is a process of extracting gold and silver by placing broken ore on an impermeable pad and applying a diluted cyanide solution that dissolves a portion of the contained gold and silver, which are then recovered in metallurgical processes.

"Mineralized Material" is gold and silver bearing material that has been physically delineated by one or more of a number of methods including drilling, underground work, surface trenching and other types of sampling. This material has been found to contain a sufficient amount of mineralization of an average grade of metal or metals to have economic potential that warrants further exploration evaluation. While this material is not currently or may never be classified as reserves, it is reported as mineralized material only if the potential exists for reclassification into the reserves category. This material cannot be classified in the reserves category until final technical, economic and legal factors have been determined. Under the United States Securities and Exchange Commission's standards, a mineral deposit does not qualify as a reserve unless the recoveries from the deposit are expected to be sufficient to recover total cash and non-cash costs for the mine and related facilities and make a profit.

"Non-cash Costs" are costs that are typically accounted for ratably over the life of an operation and include depreciation, depletion and amortization of capital assets, accruals for the costs of final reclamation and long-term monitoring and care that are usually incurred at the end of mine life, and the amortization of the cost of property acquisitions.

"Ore Reserve" is the part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.

"Probable Reserve" is a part of a mineralized deposit which can be extracted or produced economically and legally at the time of the reserve determination. The quantity and grade and/or quality of a probable reserve is computed from information similar to that used for a proven reserve, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation. Mining dilution has been factored into the estimation of probable reserves. The Company used a price estimate of $6.50 per ounce for silver, with the exception of San Bartolome which uses $6.00 per ounce and Endeavor which uses $7.06 per ounce of silver, and $410 per ounce for gold with the exception of Kensington which uses $375 per ounce of gold in estimating probable reserves at December 31, 2005.

“Proven Reserves” are a portion of a mineral deposit which can be extracted or produced economically and legally at the time of the reserve determination. The quantity of a proven reserve is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and the sites for inspections, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of a proven reserve is well-established. Mining dilution has been factored into the estimation of proven reserves. The Company used a price estimate of \$6.50 per ounce for silver, with the exception of San Bartolome which uses \$6.00 per ounce and Endeavor which uses \$7.06 per ounce of silver, and \$410 per ounce for gold, with the exception of Kensington which uses \$375 per ounce of gold in estimating proven reserves at December 31, 2005.

“Run-of-mine Ore” is mined ore which has not been subjected to any pretreatment, such as washing, sorting or crushing prior to processing.

“Silver” is a metallic element with minimum fineness of 995 parts per 1000 parts pure silver.

“Stripping Ratio” is the ratio of the number of tons of waste material to the number of tons of ore extracted at an open-pit mine.

“Ton” means a short ton which is equivalent to 2,000 pounds, unless otherwise specified.

“Total costs” are the sum of cash costs and non-cash costs.

IMPORTANT FACTORS RELATING TO FORWARD-LOOKING STATEMENTS

This report contains numerous forward-looking statements relating to the Company’s gold and silver mining business, including estimated production data, expected operating schedules, expected capital costs and other operating data and permit and other regulatory approvals. Such forward-looking statements are identified by the use of words such as “believes,” “intends,” “expects,” “hopes,” “may,” “should,” “plan,” “projected,” “contemplates,” “anticipates” or similar words. Actual production, operating schedules, results of operations, ore reserve and resource estimates and other projections and estimates could differ materially from those projected in the forward-looking statements. The factors that could cause actual results to differ materially from those projected in the forward-looking statements include (i) the risk factors set forth below under Item 1A, (ii) the risks and hazards inherent in the mining business (including environmental hazards, industrial accidents, weather or geologically related conditions), (iii) changes in the market prices of gold and silver, (iv) the uncertainties inherent in the Company’s production, exploratory and developmental activities, including risks relating to permitting and regulatory delays, (v) the uncertainties inherent in the estimation of gold and silver ore reserves, (vi) changes that could result from the Company’s future acquisition of new mining properties or businesses, (vii) the effects of environmental and other governmental regulations, and (viii) the risks inherent in the ownership or operation of or investment in mining properties or businesses in foreign countries. Readers are cautioned not to put undue reliance on forward-looking statements. 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.

Item 1A. Risk Factors

The following information sets forth information relating to important risks and uncertainties that could materially adversely affect the Company’s business, financial condition or operating results. 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.

Risks Relating to our Business

Prior to 2005, we incurred losses due to several factors and could incur losses in the future.

We incurred net losses in the five years prior to 2005 and had losses from continuing operations in each of those prior periods. Factors that significantly contributed to our losses are:

- until recently, historically low gold and silver market prices during those years;
- our deliberate pursuit of a growth policy prior to 2003 calling for the acquisition of mining properties and companies and financing such growth principally by incurring convertible indebtedness which had a high coupon rate, thereby resulting in an interest expense of $14.6 million in 2001, $21.9 million in 2002, $12.9 million in 2003, $2.8 million in 2004, and $2.5 million in 2005;
- write-offs for impaired assets and other holding costs in 2000 ($12.2 million), 2001 ($6.1 million), and 2002 ($19.0 million); and
- losses on the early retirement of debt of $19.1 million in 2002, and $41.6 million in 2003.

If silver and gold prices decline and we are unable to reduce our production costs, our losses may resume. If lower silver and gold prices make mining at our properties uneconomical, we may be required to recognize additional impairment write-downs, which would increase our operating losses and negatively impact our results of operations.

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

We have historically financed our operations through the issuance of common stock and convertible debt, and may be required to incur additional indebtedness in the future. During 2004, we commenced construction at the San Bartolome project and in 2005 we commenced construction at Kensington project. Construction of both projects could require a total capital investment of approximately $325 million. While we believe that our cash, cash equivalents and short-term investments combined with cash flow generated from operations will be sufficient for us to make this level of capital investment, no assurance can be given that additional capital investments will not be required to be made at these or other projects. If we are unable to generate enough cash to finance such additional capital expenditures through operating cash flow and the issuance of common stock, we may be required to issue additional indebtedness. Any additional indebtedness would increase our debt payment obligations, and may negatively impact our results of operations.

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

As a result of our net losses prior to 2005, our earnings were not adequate to satisfy fixed charges (i.e., interest, preferred stock dividends and that portion of rent deemed representative of interest) in each of those periods prior to 2005. The amounts by which earnings were inadequate to cover fixed charges were approximately $3.1 million in 2001, $80.8 million in 2002, $63.9 million in 2003 and $22.7 million in 2004. Earnings were sufficient to cover fixed charges in 2005. As of December 31, 2005, we are required to make fixed payments on $180 million principal amount of our 1¼% Senior Convertible Notes due 2024, requiring annual interest payments of approximately $2.25 million until their maturity.

We expect to satisfy our fixed charges and other expense obligations in the future from cash flow from operations and, if cash flow from operations is insufficient, from working capital, which amounted to approximately $285.1 million at December 31, 2005. Prior to 2005, we experienced negative cash flow from operating activities. The amount of net cash used in our operating activities amounted to approximately $29.9 million in 2001, $8.5 million in 2002, $5.1 million in 2003 and $18.6 million in 2004. In 2005, we generated $6.7 million of operating cash flow. The availability of future cash flow from operations or working capital to fund the payment of interest on the notes and other fixed charges will be dependent upon numerous factors, including our results of operations, silver and gold prices, levels and costs of production at our mining properties and the amount of our capital expenditures and expenditures for acquisitions, developmental and exploratory activities.

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

Silver and gold are commodities. Their prices fluctuate, and are affected by many factors beyond our control, including interest rates, expectations regarding inflation, speculation, currency values, governmental decisions regarding the disposal of precious metals stockpiles, global and regional demand and production, political and economic conditions and other factors. Because we currently derive approximately 63% of our revenues from sales of silver, our earnings are primarily related to the price of this metal.

The market price of silver (Handy & Harman) and gold (London Final) on February 17, 2006 was $9.43 and $552 per ounce, respectively, compared with 2005's average prices for silver and gold of $7.34 and $445, respectively. The price of silver and gold may decline in the future. Factors that are generally understood to contribute to a decline in the price of silver include sales by private and government holders, and a general global economic slowdown.

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

We have recorded significant write-downs of mining properties in recent years and may have to record additional write-downs, which could negatively impact our results of operations.

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

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

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

In May and September 2005, we acquired silver production and reserves at the Endeavor and Broken Hill mines in Australia, respectively. These mines are owned and operated by other mining companies. The Company's revenues and income (or loss) from its interest in the silver production at these mines is dependent in part upon the performance of those operators and such mines.

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

The ore reserve figures presented in our public filings are estimates made by our technical personnel.

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

We based our ore reserve determinations as of December 31, 2005 on a long-term silver price average of $6.50 per ounce, with the exception of the Endeavor mine which uses $7.06 per ounce and the San Bartolome mine which uses $6.00 per ounce, and a long-term gold price average of $410 per ounce for all properties with the exception of the Kensington property which used a gold price of $375 per ounce. On February 17, 2006 silver and gold prices were $9.43 per ounce and $552 per ounce, respectively.

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

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

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

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

Our reported inventories include metals estimated to be contained in the ore on the leach pads of $54.6 million as of December 31, 2005. Of this amount, $25.4 million is reported as a current asset and $29.2 million is reported as a noncurrent asset. The distinction between current and noncurrent is based upon the expected length of time necessary for the leaching process to remove the metals from the crushed ore. The historical cost of the metal that is expected to be extracted within twelve months is classified as current and the historical cost of metals contained within the crushed ore that will be extracted beyond twelve months is classified as noncurrent. The ore on leach pad inventory is stated at actual production costs incurred to produce and place ore on the leach pad during the current period, adjusted for production issues encountered during the period.

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

When we began leach operations in 1986, based solely on laboratory testing, we estimated the ultimate recovery of silver and gold at 50% and 80%, respectively. Since 1986, we have adjusted the expected ultimate recovery three times (once in each of 1989, 1997 and 2003) based upon actual experience gained from leach operations. In 2003, we revised our estimated recoveries for silver and gold of between 59% and 61.5%, depending on the area being leached, and 93%, respectively, which increased the estimated recoverable ounces of silver and gold contained in the heap by 1.8 million ounces and 41,000 ounces, respectively.

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

	Positive/Negative Change in Silver Recovery			**Positive/Negative Change in Gold Recovery**		
	1%	**2%**	**3%**	**1%**	**2%**	**3%**
Quantity of recoverable ounces	1.6 million	3.3 million	4.9 million	11,900	23,800	35,800
Positive impact on future cost of production per silver equivalent ounce for increases in recovery rates	$0.78	$1.36	$1.82	$0.36	$0.68	$0.97
Negative impact on future cost of production per silver equivalent ounce for decreases in recovery rates	$1.08	$2.70	$5.35	$0.42	$0.91	$1.48

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

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

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

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

Our ability to sustain or increase our present production levels depends in part on successful exploration and development of new ore bodies and/or expansion of existing mining operations. Mineral exploration, particularly for silver and gold, involves many risks and is frequently unproductive. If mineralization is discovered, it may take a number of years until production is possible, during which time the economic viability of the project may change. Substantial expenditures are required to establish ore reserves, extract metals from ores and, in the case of new properties, to construct mining and processing facilities. The economic feasibility of any development project is based upon, among other things, estimates of the size and grade of ore reserves, proximity to infrastructures and other resources (such as water and power), metallurgical recoveries, production rates and capital and operating costs of such development projects, and metals prices. Development projects are also subject to the completion of favorable feasibility studies, issuance of necessary permits and receipt of adequate financing.

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

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

The Company currently markets its silver and gold concentrates to third party smelters in Mexico, Japan, Australia and Canada. The loss of any one smelter customer could have a material adverse effect on us in the event of the possible unavailability of alternative smelters. No assurance can be given that alternative smelters would be timely available if the need for them were to arise, or that delays or disruptions in sales could not be experienced that would result in a materially adverse effect on our operations and our financial results.

Our silver and gold production may decline, reducing our revenues and negatively impacting our business.

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

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

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

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

Our mining activities are subject to extensive federal, state, local and foreign laws and regulations governing environmental protection, natural resources, prospecting, development, production, post-closure reclamation, taxes, labor standards and occupational health and safety laws and regulations including mine safety, toxic substances and other matters related to our business. Although these laws and regulations have never required us to close any mine, the costs associated with compliance with such laws and regulations are substantial. Possible future laws and regulations, or more restrictive interpretations of current laws and regulations by governmental authorities could cause additional expense, capital expenditures, restrictions on or suspensions of our operations and delays in the development of our properties. Moreover, governmental authorities and private parties may bring lawsuits based upon damage to property and injury to persons resulting from the environmental, health and safety impacts of our past and current operations, which could lead to the imposition of substantial fines, penalties and other civil and criminal sanctions. Substantial costs and liabilities, including for restoring the environment after the closure of mines, are inherent in our operations. Although we believe we are in substantial compliance with applicable laws and regulations, we cannot assure you that any such law, regulation, enforcement or private claim will not have a negative effect on our business, financial condition or results of operations.

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

In the context of environmental permits, including the approval of reclamation plans, we must comply with standards and regulations which entail significant costs and can entail significant delays. Such costs and delays could have a dramatic impact on our operations.

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

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

On September 12, 2005, SEACC, the Sierra Club and Lynn Canal Conservation filed a lawsuit in Federal District Court in Alaska challenging the permits issued by the Corps of Engineers and the US Forest Service and on November 8, 2005, the Corps of Engineers filed a Motion for Voluntary Remand with the court to review the permit issued to the Company under the Clean Water Act (CWA) Section 404 and requested that the court stay the legal proceeding filed by SEACC and the other environmental groups pending the outcome of review. On November 12, 2005, the Federal District Court in Alaska granted the remand of the permit to the Corps of Engineers for further review. On November 22, 2005, the Corps of Engineers advised the Company that it was suspending the Section 404 permit pursuant to the Court's remand to further review the permit. The Company has submitted a work plan which defines the activities at the project that are not impacted by the 404 permit or are allowable activities under the 404 permit that can continue during the suspension by the Corps of Engineers. The Company has been continuing its drilling and exploration activities and progressing construction pursuant to the work plan. The Company is unable to predict the impact of this suspension or litigation on the project at this time.

Our business depends on good relations with our employees.

The Company could experience labor disputes, work stoppages or other disruptions in production that could adversely affect us. As of December 31, 2005, unions represented approximately 25% of our worldwide workforce. On that date, the Company had 157 employees at its Cerro Bayo mine, and 147 employees at its Coeur Silver Valley mine working under a collective bargaining agreement or similar labor agreement. The Company has a collective bargaining agreement covering the Cerro Bayo mine which expires on December 21, 2007. The current collective bargaining agreement with the Coeur Silver Valley workforce expires on September 1, 2006. The Company is currently in negotiations with the workforce at the Martha mine and expects to enter into a labor agreement by the end of March 2006.

We are an international company and are exposed to risks in the countries in which we have significant operations or interests. Foreign instability or variances in foreign currencies may cause unforeseen losses, which may affect our business.

Chile, Argentina, Bolivia and Australia are the most significant foreign countries in which we directly or indirectly own or operate mining properties or developmental projects. We also conduct exploratory projects in these countries. Argentina, while currently economically and politically stable, has experienced political instability, currency value fluctuations and changes in banking regulations in recent years. Although the governments and economy of Chile have been relatively stable in recent years, property ownership in a foreign country is generally subject to the risk of expropriation or nationalization with inadequate compensation. Elections were held in Bolivia in December, 2005 resulting in a new government which is still formulating policies. It is uncertain at this time how new policies may affect mining in the country. Any foreign operations or investment may also be adversely affected by exchange controls, currency fluctuations, taxation and laws or policies of particular countries as well as laws and policies of the United States affecting foreign trade investment and taxation. We may enter into agreements which require us to purchase currencies of foreign countries in which we do business in order to ensure fixed exchange rates. In the event that actual exchange rates vary from those set forth in the hedge contracts, we will experience U.S. dollar-denominated currency gains or losses. Future economic or political instabilities or changes in the laws of foreign countries in which we have significant operations or interests and unfavorable fluctuations in foreign currency exchange rates could negatively impact our foreign operations and our business as a whole.

Any of our future acquisitions may result in significant risks, which may adversely affect our business.

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

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

Because mines have limited lives based on proven and probable ore reserves, we are continually seeking to replace and expand our ore reserves. Identifying promising mining properties is difficult and speculative. Furthermore, we encounter strong competition from other mining companies in connection with the acquisition of properties producing or capable of producing silver and gold. Many of these companies have greater financial resources than we do. Consequently, we may be unable to replace and expand current ore reserves through the acquisition of new mining properties on terms we consider acceptable. As a result, our revenues from the sale of silver and gold may decline, resulting in lower income and reduced growth.

Third parties may dispute our unpatented mining claims, which could result in losses affecting our business.

The validity of unpatented mining claims, which constitute a significant portion of our property holdings in the United States, is often uncertain and may be contested. Although we have attempted to acquire satisfactory title to undeveloped properties, we, in accordance with mining industry practice, do not generally obtain title opinions until a decision is made to develop a property. As a result, some titles, particularly titles to undeveloped properties, may be defective. Defective title to any of our mining claims could result in litigation, insurance claims, and potential losses affecting our business as a whole.

If previously announced control findings re-occur, or if we experience other similar issues, our ability to report our financial results in an accurate and timely manner could be materially adversely impacted, which could cause investors to lose confidence in our financial reports and negatively impact our business and the price of our common stock.

As disclosed in our recently-filed Annual Report on Form 10-K for the year ended December 31, 2005 (the "2005 10-K"), our management concluded that, as of December 31, 2005, our disclosure controls and procedures were effective and our internal control over financial reporting was effective, and this assessment of the effectiveness of our internal control over financial reporting was audited by KPMG LLP, as stated in their report appearing therein. However, in our previously-filed Annual Report on Form 10-K for the year ended December 31, 2004 (the "2004 10-K"), management's report and the report of KPMG LLP on management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2004 expressed an opinion that we did not maintain effective internal control over financial reporting as of December 31, 2004 because of the effect of certain material weaknesses. We believe we have implemented actions that addressed the issues raised by KPMG LLP in their report. In addition, on March 10, 2006 we filed an amendment to our Quarterly Report on Form 10-Q for the quarterly period ending March 31, 2005, to reflect that management had concluded that our disclosure controls and procedures were not effective as of March 31, 2005. Such conclusion was based on our identification of a material weakness with regard to the controls over our calculation of the ore on leach pad inventory at our Rochester operation. Subsequent to March 31, 2005, we implemented remediation measures as part of our ongoing effort to improve our internal controls over financial reporting, which we believe has remediated this material weakness prior to December 31, 2005. If these issues re-occur, or if similar issues occur, our ability to report our financial results in an accurate and timely manner could be materially adversely impacted, which could cause investors to lose confidence in our financial reports and negatively impact our business.

Item 1B. Unresolved Staff Comments

None

Item 2. Properties.

SILVER AND GOLD MINING OPERATIONS

North America

Rochester Mine

The Rochester Mine is a silver and gold surface mine located in Pershing County, Nevada, which is located approximately 25 road miles northeast of the town of Lovelock. The mine commenced operations in 1986. The Company owns 100% of the Rochester Mine by virtue of its 100% ownership of its subsidiary, Coeur Rochester, Inc. ("Coeur Rochester"). The property consists of 22 patented and 589 unpatented contiguous mining claims, including 54 mill-site claims totaling approximately 11,000 acres.

Production at the Rochester mine in 2005 was approximately 5.7 million ounces of silver and 70,298 ounces of gold, compared to 5.7 million ounces of silver and 69,456 ounces of gold in 2004. Cash costs per ounce of silver increased by 23% to $4.82 per ounce in 2005, compared to $3.93 per ounce in 2004.

The mine utilizes the heap leaching process to extract both silver and gold from ore mined using conventional open pit methods. Approximately 47,300 tons of ore and waste per day were mined in 2005, compared to 48,100 tons per day in 2004. The average ore to waste strip ratio for the remaining life of the mine will vary based primarily on future gold and silver prices; however, it is anticipated to be less than 1:1. The Company expects to complete mining of the existing ore reserves in late 2006 or early 2007. While mining operations will be discontinued, it is expected that metal production will continue as a result of residual leaching through approximately 2011.

Ore is crushed and transported by conveyor to a loadout facility where it is transferred to 150 ton trucks which transport the crushed ore to leach pads where solution is applied via drip irrigation to dissolve the silver and gold contained in the ore. Certain low-grade ores are hauled directly, as run-of-mine, by 100 ton haul trucks to leach pads where solution is applied to dissolve the silver and gold contained in the ore. The solutions containing the dissolved silver and gold are pumped to a processing plant where zinc precipitation is used to recover the silver and gold from solution as dore. The dore is transported to a refinery for final processing after which the silver and gold is sold on established markets through third party broker dealers.

Based upon actual operating experience and certain metallurgical testing, the Company estimates ultimate recovery rates from the crushed ore of 61.5% for silver, depending on the ore being leached, and 93% for gold. The leach cycle at the Rochester Mine requires leaching to approximately the year 2011 for all recoverable metal to be recovered. A significant proportion of metal recovery occurs after mining is completed.

At the Nevada Packard satellite deposit, located south of the Rochester deposit, the Company commenced mining of silver in the first quarter of 2003. Mining at Nevada Packard is expected to be completed in 2006.

The Company's capital expenditures at the Rochester Mine totaled approximately $1.2 million in 2005. During 2003, the Company relocated and upgraded its existing crushing facility, at a capital cost of $9.2 million, in order to access a portion of the reserves contained underneath the existing crusher. The Company plans capital expenditures at the Rochester Mine of $0.5 million in 2006.

Asarco Incorporated ("Asarco"), the prior owner, had a net smelter royalty interest which is payable only when the market price of silver equals or exceeds $20.64 per ounce up to maximum rate of 5%. No royalties were required to be paid by the Company during the three years ended December 31, 2005.

Year-end Proven and Probable Ore Reserves[1] – Rochester Mine
(includes Nevada Packard)

	2005	2004	2003
Tons (000's)	10,168	23,998	32,563
Ounces of silver per ton	0.86	0.86	0.91
Contained ounces of silver (000's)	8,765	20,731	29,596
Ounces of gold per ton	0.011	0.009	0.009
Contained ounces of gold	112,650	213,000	283,000

Year-end Mineralized Material

	2005	2004	2003
Tons (000's)	15,646	35,064	40,328
Ounces of silver per ton	1.03	0.86	0.77
Ounces of gold per ton	0.010	0.005	0.006

Operating Data

	2005	2004	2003
Production			
Tons ore mined (000's)	9,023	10,751	6,626
Tons crushed/leached (000's)	9,327	8,976	7,324
Ore grade silver (oz./ton)	0.91	0.74	0.94
Ore grade gold (oz./ton)	0.010	0.009	0.005
Silver produced (oz.)	5,720,489	5,669,074	5,585,385
Gold produced (oz.)	70,298	69,456	52,363
Cost per Ounce of Silver			
Cash costs(2)	$4.82	$3.93	$4.67
Non-cash costs	1.84	1.73	0.91
Total production costs	$6.66	$5.66	$5.58

(1) Metal prices used in calculating proven and probable reserves were $6.50 per ounce of silver and $410 per ounce of gold in 2005.

(2) Cash costs per ounce of silver or gold represent a non-U.S. GAAP measurement that management uses to monitor and evaluate the performance of its mining operations. See "Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations; Total Production and Reserves" for reconciliation of this non-GAAP measure to GAAP production costs.

Coeur Silver Valley

Coeur Silver Valley is a wholly-owned subsidiary of the Company which owns and operates the Galena underground silver mine, an operating mine, and the Coeur and Caladay properties, that adjoin to the Galena mine, located in the heart of the Coeur d'Alene Mining District. Coeur Silver Valley's property consists of 6,131 acres of Company-owned fee land, patented mining claims and unpatented claims in addition to 4,800 acres of leased claims. Silver Valley recommenced operations at the Coeur mine in June 1996 and continued mining existing reserves there through July 2, 1998 when known reserves were depleted. Silver Valley resumed production at the Galena Mine in May 1997 and operations continue to date. During the second half of 2003, we commenced a three-year plan designed to locate, develop and mine additional resources believed to exist on the property which, if successful, could result in an extended mine life. However, as a result of the mine's performance during 2005, the Company is currently evaluating the mine plan, including the current development and exploration plans, and strategic, alternatives which could include a possible sale of the wholly-owned subsidiary which owns the mine. The outcome of this review is not known at this time but the extent of future mine operations could be impacted.

During 2005, we spent $1.4 million for exploration activities at the Galena mine and adjacent properties. Overall, reserves decreased at Galena due to mining depletion, higher operating costs and external smelter and refinery costs which resulted in an overall increase in the ore reserve cutoff grade. Mineralized Material increased at Galena as a result of exploration and reclassification from proven and probable reserves to mineralized material in year-end 2004 reserves due to increased operating costs.

Galena Mine

The Galena Mine property is located immediately west of the City of Wallace in Shoshone County in northern Idaho. The property consists of 52 patented mining claims and 25 unpatented mining claims totaling approximately 1,100 acres.

The Galena Mine is an underground silver-copper mine and is served by two vertical shafts. The No. 3 shaft is the primary production shaft and is 5,800 feet deep. The Galena shaft primarily provides utility access for water, electrical power and sand backfill for underground operations down to the 2,400 level.

The mine utilizes conventional and mechanized cut and fill mining methods with sand backfill to extract ore from the high grade silver-copper vein deposits that constitute the majority of the ore reserves. Silver and copper are recovered by a flotation mill that produces a silver rich concentrate which is sold to third-party smelters in Canada. Silver recovery through the mill averaged 97% in 2005 and 97% in 2004.

Waste material from the milling process is deposited in a tailings pond located approximately two miles from the minesite. The tailings containment pond, which is expanded on an as needed basis, has capacity for approximately seven additional years at current production rates.

Silver production at the Galena Mine in 2005 was approximately 2.1 million ounces of silver compared to 3.5 million ounces in 2004. During 2005, silver production was adversely affected by the loss of production from the 2400 Upper Silver vein and the Lower 72 vein while these areas were under redevelopment, as well as ore grade dilution from development activities currently occurring on the 3400 and 4000 level 215 vein systems.

Cash costs for 2005 increased to $8.37 per ounce compared to $5.46 per ounce in 2004. The higher cash costs are the result of lower-grade ore and the conversion to higher-cost mining methods needed to accommodate ground conditions in certain mining areas during 2005.

Total capital expenditures by Silver Valley at the Galena Mine in 2005 were $3.5 million and the Company currently plans for capital expenditures of approximately $3.3 million for the Galena Mine during 2006.

Year-end Proven and Probable Ore Reserves – Galena Mine (1)

	2005	2004	2003
Tons (000's)	444	718	717
Ounces of silver per ton	24.50	18.84	21.54
Contained ounces of silver (000's)	10,879	13,518	15,432

Year-end Mineralized Material (2)

	2005	2004	2003
Tons (000's)	2,580	2,169	2,252
Ounces of silver per ton	11.74	10.92	10.94

Operating Data

	2005	2004	2003
Production			
Tons ore milled	128,502	169,413	164,732
Ore grade silver (oz./ton)	16.53	21.43	23.61
Recovery (%)	97	97	96
Silver produced (oz.)	2,060,338	3,521,813	3,735,663
Cost per Ounce of Silver			
Cash costs(3)	$8.37	$5.46	$4.66
Non-cash costs	0.97	0.56	0.37
Total production costs	$9.34	$6.02	$5.03

(1) The Galena Mine reserve estimate is based on a minimum mining width of 4 to 4.5 feet diluted to 5.0 feet minimum width for most silver-copper and silver-lead veins. Metal prices used in calculating proven and probable reserves were \$6.50/ounce of silver, \$410/ounce of gold, \$1.30/pound of copper, and \$0.34/pound of lead in 2005.

(2) Mineralized material includes both the Galena and Coeur mines.

(3) Cash costs per ounce of silver or gold represent a non-U.S.-GAAP measurement that management uses to monitor and evaluate the performance of its mining operations. See "Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations; Total Production and Reserves" for reconciliation of this non-GAAP measure to GAAP production costs.

Coeur Mine

The Coeur Mine is an underground silver mine located west of and adjacent to the Galena Mine and consists of approximately 868 acres comprised of 38 patented mining claims and four unpatented mining claims.

The Coeur Mine operated until mid-1998 when the property was placed on care and maintenance. While there was no mining activity at the Coeur mine in 2005, the Company conducts exploration on the property and believes that there is potential to discover additional high grade silver veins beneath the current limit of the underground workings based on current geological conditions and recent exploration work. In addition, the Coeur Mine is connected to the Galena Mine, thus any future discoveries at either mine could be efficiently developed and processed at either facility. This connection is currently being utilized to provide ventilation and secondary access to the Galena Mine.

Caladay Property

The Caladay property adjoins the Galena Mine or its east boundary. Prior to its acquisition by the Company in 1991, approximately \$32.5 million was expended on the property to construct surface facilities, a 5,101 ft. deep shaft and associated underground workings to explore the property. The Company conducts exploration at the Caladay property in recognition of geologic conditions which extend into the Caladay property from the adjacent Galena Mine. In addition, the Caladay facilities are used to provide additional ventilation to the Galena mine.

South America

Chile – Cerro Bayo Mine

The Cerro Bayo District covers about 205 square miles and is located south of Coyhaique, the capital of Region XI in southern Chile, and approximately 17 miles west of the town of Chile Chico. The project lies on the east side of the Andes mountain range at an elevation ranging from 600 to 4,500 feet and is serviced by a gravel road from Chile Chico. The property contains multiple epithermal veins containing gold and silver. The Company has been granted exploitation concessions (the Chilean equivalent to an unpatented claim except that the owner does not have title to the surface which must be separately acquired from the surface owner) covering the mineralized areas of the property as well as the necessary surface rights to permit mining.

Construction of two ramps to intersect the high-grade Lucero Vein in the Cerro Bayo zone on the east side of its holdings, commenced in November 2001. Additional mineralized high-grade gold and silver vein systems were discovered since then from surface and underground exploration.

Production at the Cerro Bayo mine in 2005 was approximately 2.9 million ounces of silver and 61,000 ounces of gold compared to 3.2 million ounces of silver and 57,500 ounces of gold in 2004. Cash costs per ounce of silver produced was \$0.54 in 2005 compared to \$1.01 in 2004.

The ore processing mill for the Cerro Bayo Mine uses a standard flotation process to produce a high grade gold and silver concentrate. During 2005, the concentrate processed at this mill was sold to third-party smelters, primarily in Japan and Mexico. The mill has a design capacity of 1,650 tons per day. During 2005, the Company experienced recovery rates of approximately 92.8% for gold and 94.7% for silver. Electrical power is generated on-site by diesel generators and process water is obtained from a combination of the adjacent General Carrera Lake and from tailings re-circulation.

During 2005, the Company continued its exploration and development program in the district with its efforts concentrated in the Cerro Bayo and Laguna Verde zones in the east and west sections of the Company's land holdings. In 2005, we spent approximately $4.8 million on exploration for new gold and silver mineralization and reserve definition and completed nearly 245,000 feet of core drilling. After giving effect to 2005 mine production silver reserves at December 31, 2005 increased by 72% to 7.5 million ounces, and gold reserves increased by 71% to 0.13 million ounces from 2004.

Numerous epithermal veins located within the 205 square mile property package in the Cerro Bayo district offer exploration and development opportunities for us. To date, we have discovered over 100 veins, the majority of which are located within nine miles of our existing ore processing facilities. Of particular interest from 2005 exploration was the discovery of the Marcela Sur, Cascada and Gabriela veins. Marcela Sur, situated about 1,000 meters west of the current mining operations in main Cero Bayo zone, was discovered beneath 50 to 70 meters of post-mineral sediment. Cascada lies south of the Cerro Bayo mining operations while Gabrielas occurs near the processing facility at Laguna Verde. In 2006, we expect to spend $4.9 million for exploration to attempt to discover new silver and gold veins and define new reserves at Cerro Bayo.

Total capital expenditures at the Cerro Bayo property in 2005 were $2.7 million and the Company plans approximately $6.1 million of additional capital expenditures there in 2006.

Year-end Proven and Probable Ore Reserves (1) – Cerro Bayo Mine

	2005	2004	2003
Tons (000's)	935	862	645
Ounces of silver per ton	8.00	7.09	8.34
Contained ounces of silver (000's)	7,476	6,109	5,377
Ounces of gold per ton	0.14	0.13	0.15
Contained ounces of gold	131,600	115,900	93,777

Year-end Mineralized Material

	2005	2004	2003
Tons (000's)	4,113	3,829	3,475
Ounces of silver per ton	6.19	4.29	4.83
Ounces of gold per ton	0.10	0.13	0.10

Operating Data

	2005	2004	2003
Production			
Tons ore milled	403,695	456,941	476,731
Ore grade gold (oz./ton)	0.163	0.137	0.153
Ore grade silver (oz./ton)	7.52	7.51	6.96
Recovery gold (%)	92.8	91.8	89.7
Recovery silver (%)	94.7	94.2	91.8
Gold produced (oz.)	61,058	57,558	65,370
Silver produced (oz.)	2,875,047	3,235,192	3,319,429
Cash costs [(2)]	$0.54	$1.01	$(0.04)
Non-cash costs	1.76	1.42	2.43
Total production costs	$2.30	$2.43	$2.39

(1) Metal prices used to calculate proven and probable reserves were $6.50/ounce of Ag and $410/ounce of Au.

(2) Cash costs per ounce of silver or gold represent a non-U.S.-GAAP measurement that management uses to monitor and evaluate the performance of its mining operations. See “Item 7: Management’s Discussion and Analysis of Financial Condition and Results of Operations; Total Production and Reserves” for reconciliation of this non-GAAP measure to GAAP production costs.

Argentina – Martha Mine

In April 2002, the Company acquired 145,000 acres of prospective ground including the Martha high-grade underground silver mine located in Argentina, approximately 270 miles southeast of the Cerro Bayo Mine, for $2.5 million. Like Cerro Bayo, silver and gold are hosted in multiple, epithermal veins at the Martha Mine – though Martha ore is of much higher silver grade than Cerro Bayo.

We transport ore mined at the Martha Mine by truck for processing at the Cerro Bayo mill, which is located 270 miles northwest of the Martha Mine. The transport costs to ship the ore to the Cerro Bayo mill from the Martha Mine have necessitated a focus on the highest grade portions of the veins discovered at the Martha Mine; however, lower grade mineralized material exists, but is not included in reserves. During 2006, the Company plans to complete a feasibility study at the Martha mine which may allow the processing of the lower-grade material.

In June 2002, we commenced shipping of high-grade Martha Mine ore to the Cerro Bayo mill. All of the production came from the Martha vein, which was one of six known veins on the Martha Mine property prior to our acquisition of the property. Also in 2002, exploration discovered both extensions of the Martha Mine vein and the R4 Zone within the vein, which is located 300 feet southwest of the main Martha Mine mining areas. During 2005, we spent $2.7 million on exploration at the Martha Mine to attempt to discover new silver- and gold-bearing veins and define new reserves.

Production at the Martha mine in 2005 was approximately 2.1 million ounces of silver and 2,600 ounces of gold compared to 1.7 million ounces of silver and 2,300 ounces of gold in 2004. Cash costs per ounce of silver produced was $4.60 in 2005 compared to $4.08 in 2004.

In 2004, similar to Cerro Bayo, we embarked on the first year of an exploration program to extend the mine life at the Martha Mine to three years. During 2006, we expect to spend $2.9 million on exploration for the discovery of new mineralization and reserve development, across our large land holdings in the province of Santa

Cruz which totals over 620 square miles. In 2005, we announced discovery of the Betty West vein, approximately 0.6 miles north of the current Martha mine. In addition, exploration also defined extensions at depth and on strike of the Martha and R4 ore-bearing structures which was the main focus of the year's program. Work in the coming year will focus on expanding those discoveries and exploration for additional silver and gold mineralized veins and structures. After giving effect to 2005 mine production, silver reserves at December 31, 2005 increased by 59% to 4.1 million ounces from 2004. Based on reserves and mineralized material discovered to date, the mine life at the Martha Mine has been extended to at least three and a half years.

The Martha Mine property is large, covering 283 square miles of prospective geology for silver and gold mineralization. To date, we have focused our exploration on the immediate Martha Mine area. In addition, we own about another 337 square miles of exploration stage properties in Santa Cruz, Argentina which we identified through our reconnaissance activities.

Year-end Proven and Probable Ore Reserves (1) – Martha Mine

	2005	2004	2003
Tons (000's)	67	57	16
Ounces of silver per ton	60.29	68.56	83.70
Contained ounces of silver (000's)	4,054	3,930	1,349
Ounces of gold per ton	0.08	0.08	0.09
Contained ounces of gold	5,400	4,600	1,449

Year-end Mineralized Material

	2005	2004	2003
Tons (000's)	134	74	24
Ounces of silver per ton	45.37	52.75	78.43
Ounces of gold per ton	0.05	0.06	0.08

Operating Data

	2005	2004	2003
Production			
Tons ore milled	35,293	30,276	20,420
Ore grade gold (oz./ton)	0.079	0.084	0.097
Ore grade silver (oz./ton)	62.53	59.94	82.66
Recovery gold (%)	92.9	91.6	89.7
Recovery silver (%)	94.9	94.2	91.8
Gold produced (oz.)	2,590	2,318	1,785
Silver produced (oz.)	2,093,464	1,709,069	1,549,425
Cash costs (2)	$4.60	$4.08	$1.96
Non-cash costs	0.41	0.97	0.86
Total production costs	$5.01	$5.05	$2.82

(1) Metal prices used in calculating proven and probable reserves were $6.50/ounce of Ag and $410/ounce of Au.

(2) Cash costs per ounce of silver or gold represent a non-U.S.-GAAP measurement that management uses to monitor and evaluate the performance of its mining operations. See "Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations; Total Production and Reserves" for reconciliation of this non-GAAP measure to GAAP production costs.

Australia – Endeavor Mine

On May 23, 2005, the Company acquired all of the silver production and reserves, up to a maximum 17.7 million payable ounces, contained at the Endeavor Mine in Australia, which is owned and operated by Cobar Operations Pty. Limited ("Cobar"), a wholly-owned subsidiary of CBH Resources Ltd. ("CBH") for $38.4 million. The Endeavor Mine is located 720 km northwest of Sydney in New South Wales and has been in production since 1983. Under the terms of the agreement, CDE Australia, a wholly-owned subsidiary of Coeur, paid Cobar $15.4 million of cash at the closing. In addition, CDE Australia will pay Cobar approximately $23.0 million upon the receipt of a report confirming that the reserves at the Endeavor mine are equal to or greater than the reported ore reserves for 2004. Payment is expected to be made in 2006. In addition to these upfront payments, Coeur pays Cobar an operating cost contribution of $1.00 for each ounce of payable silver plus a further increment when the silver price exceeds $5.23 per ounce. This further increment begins on the second anniversary of this agreement and is 50% of the amount by which the silver price exceeds $5.23 per ounce. A cost contribution of $0.25 per ounce is also payable by Coeur in respect of new ounces of proven and probable silver reserves as they are discovered.

The Endeavor mine is an underground lead/zinc/silver mine. The mine employs bulk mining methods and utilizes a conventional flotation mill to produce a concentrate that is sold to a third party smelter. Silver recovery averaged approximately 45% from May 23, 2005 to December 31, 2005.

On October 24, 2005, CBH announced that mining operations at the Endeavor mine had been suspended below the No. Four haulage level following an uncontrolled fall of waste ground into the mine's 6Z2 crown pillar stope. Limiting production to above this level was done as a safety precaution due to the proximity of the 6Z2 crown pillar stope to the main haulage decline. In late November 2005, CBH announced that mine operations had recommenced below the No. Four haulage level, but at a reduced production rate. Based on the progress made to date in correcting issues related to the ground fall, the Company expects the mine to resume normal operations during mid-2006.

The Company's share of silver production in 2005 from the Endeavor mine from May 23, 2005 amounted to 316,169 ounces of silver. The cash cost per ounce of silver production was $2.05.

The Company is not required to contribute to ongoing capital costs at the mine.

Proven and Probable Ore Reserves (1) – Endeavor Mine

	2005
Tons (000's)	12,125
Ounces of silver per ton	1.93
Contained ounces of silver (000's)	23,341

Mineralized Material (1)

	2005
Tons (000's)	8,488
Ounces of silver per ton	2.03

Operating Data (Coeur's Share) (3)

	2005
Production	
Tons ore milled	463,129
Ore grade silver (oz./ton)	1.52
Recovery silver (%)	45
Gold produced (oz.)	-
Silver produced (oz.)	316,169
Cash costs [2]	$2.05
Non-cash costs	1.30
Total production costs	$3.35

(1) Ore reserves are reported as of June 30, 2005, which is the end of the most recent fiscal year of the operator, CBH. Metal price used was $7.06/ounce of Ag.

(2) Cash costs per ounce of silver or gold represent a non-U.S.-GAAP measurement that management uses to monitor and evaluate the performance of its mining operations. See "Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations; Total Production and Reserves" for reconciliation of this non-GAAP measure to GAAP production costs.

(3) The Endeavor property was purchased on May 23, 2005. Operating data is presented commencing on May 23, 2005 to December 31, 2005.

Australia – Broken Hill Mine

On September 8, 2005, the Company acquired all of the silver production and reserves, up to 17.2 million payable ounces, contained at the Broken Hill mine in Australia, which is owned and operated by Perilya Broken Hill Ltd. ("PBH") for $36.0 million. The Broken Hill Mine is located in New South Wales, Australia and is a zinc/lead/silver ore body. Pursuant to the agreement, the transaction includes up to a maximum of approximately 24.5 million contained ounces (or 17.2 million payable ounces) of silver to be mined by PBH at Broken Hill on the Company's behalf. In addition CDE Australia will pay PBH an operating cost contribution of approximately $2.00 for each ounce of payable silver. Under the terms of the agreement, PBH may earn up to US$6.0 million of additional consideration by meeting certain silver production thresholds over the next eight years.

The Broken Hill mine is an underground lead/zinc/silver mine. The mine uses bulk mining methods and utilizes a conventional flotation mill to produce a concentrate that is sold to third party smelters in Australia. Silver recovery averaged approximately 75.4% from September 8, 2005 to December 31, 2005.

The Company's share of silver production in 2005 from the Broken Hill mine from September 8, 2005 amounted to 657,093 ounces of silver. The cash cost per ounce of silver production was $2.72.

The Company is not required to contribute to ongoing capital costs at the mine.

Proven and Probable Ore Reserves [1] – Broken Hill Mine

	2005
Tons (000's)	11,519
Ounces of silver per ton	1.30
Contained ounces of silver (000's)	14,955

Mineralized Material [2]

	2005
Tons (000's)	10,825
Ounces of silver per ton	1.93

Operating Data (Coeur's share) [3]

	2005
Production	
Tons ore milled	667,140
Ore grade silver (oz./ton)	1.31
Recovery (%)	75.4
Silver produced (oz.)	657,093
Cost per Ounce of Silver	
Cash costs[2]	$2.72
Non-cash costs	2.75
Total production costs	$5.47

(1) Ore reserves are effective as of March 31, 2005. Metal price used was $6.50/ounce of Ag.

(2) Cash costs per ounce of silver or gold represent a non-U.S.-GAAP measurement that management uses to monitor and evaluate the performance of its mining operations. See "Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations; Total Production and Reserves" for reconciliation of this non-GAAP measure to GAAP production costs.

(3) The Broken Hill property was purchased on September 8, 2005. Operating data is presented commencing on September 8, 2005 to December 31, 2005.

SILVER AND GOLD DEVELOPMENT PROPERTIES

Bolivia – The San Bartolome Project

Coeur acquired 100% of the equity in Empressa Minera Manquiri S.A. ("Manquiri") from Asarco on September 9, 1999. Manquiri's principal asset is the mining rights to the San Bartolome project, a silver property located near the city of Potosí, Bolivia, on the flanks of the Cerro Rico Mountain. The San Bartolome project consists of several distinct silver-bearing gravel deposits, which are locally referred to as pallaco or sucu deposits. These deposits lend themselves to simple, free digging surface mining techniques and can be extracted without drilling and blasting. The deposits were formed as a result of erosion of the silicified silver-rich upper part of the Cerro Rico volcanic dome complex.

The mineral rights for the San Bartolome project are held through long-term lease agreements with several independent mining cooperatives and the Bolivian State Mining Company ("COMIBOL"). Manquiri controls 67 square kilometers under lease from COMIBOL and 16,600 acres under lease from the cooperatives at

San Bartolome and approximately 17.8 square miles of concessions at the Khori Huasi property, a gold exploration target south of Potosi. The San Bartolome lease agreements are generally subject to a 4% production royalty payable partially to the cooperatives and partially to COMIBOL. During 2003, the Company acquired additional mining rights known as the Plahipo property which is adjacent to the original property package for $1.3 million. The properties are currently subject to monthly payments totaling approximately $31,200.

Of the several pallaco deposits which are controlled by Coeur and surround Cerro Rico, three are of primary importance and are known as Huacajchi, Diablo (consisting of Diablo Norte, and Diablo Este) and Santa Rita.

We completed a preliminary feasibility study in 2000, which concluded that an open pit mine was potentially capable of producing approximately 6 million ounces of silver annually. In 2003, SRK, an independent consulting firm, was retained to review the reserve/resource estimate to include additional sampling data to incorporate additional resources acquired with the Plahipo property, which lies to the east of Cerro Rico. During 2003, we retained Flour Daniel Wright to prepare an updated feasibility study which was completed at the end of the third quarter of 2004. The study provides for the use of a cyanide milling flow sheet with a wet preconcentration screen circuit which will result in the production of a dore that may be treated by a number of refiners under a tolling agreement which results in the return of refined silver to the Company that is readily marketed by metal banks and brokers to the ultimate customer. Based upon the results of the updated feasibility study, we estimate the capital cost of the project to be approximately $135 million. In the second quarter of 2004, we obtained all operating permits. In the fourth quarter of 2004, we commenced construction activities at the project. An updated project review has confirmed the capital cost estimate for the project.

During the second quarter of 2005, the government of Bolivia experienced political unrest which resulted in the resignation of that country's President and the appointment of a temporary President. In December 2005, an election was held which resulted in a new president, without the necessity of a runoff election, as well as changes in numerous other levels of government. As a result, the Company is continuing the development of the project but has extended the construction period until it has been determined that the recent election has mitigated the political uncertainty. Additional construction work planned for the first half of 2006 includes the construction of access roads to and around the site, rough cut grading of the mill site, preparation of an ore stockpile area, movement of some ore to stockpile and the construction of a fence around the perimeter of the plant site area. As a result, the previously estimated construction period of 20 months and the original projected commencement of commercial production has been impacted. The Company is targeting July 1, 2006 for the resumption of full-scale construction activities at the site. The Company continues to monitor the events in Bolivia to determine when to commence full scale construction activities. The Company believes that commercial production could begin as early as 2007.

Coeur expended approximately $10.5 million in 2005 and plans to incur construction costs of approximately $65.6 million in 2006, assuming a more aggressive construction schedule is implemented during the year.

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

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

Year-end Probable Ore Reserves [(1)] – San Bartolome Project

	2005	2004	2003
Tons (000's)	46,176	46,176	35,274
Ounces of silver per ton	3.29	3.29	3.48
Contained ounces of silver (000's)	151,882	151,882	122,816

Year-end Mineralized Material – San Bartolome Project

	2005	2004	2003
Tons (000's)	1,166	1,166	238
Ounces of silver per ton	3.44	3.44	4.16

(1) Metal prices used in calculating proven and probable reserves were $6.00 per ounce of silver.

Alaska – Kensington Gold Project

On July 7, 1995, Coeur, through its wholly-owned subsidiary, Coeur Alaska, Inc. ("Coeur Alaska"), acquired the 50% ownership interest of Echo Bay Exploration Inc. ("Echo Bay") in the Kensington property from Echo Bay and Echo Bay Alaska, Inc. (collectively the "Sellers"), giving Coeur 100% ownership of the Kensington property. The Kensington project consists of approximately 6,000 acres, of which approximately 750 acres are patented claims. The property is located on the east side of Lynn Canal between Juneau and Haines, Alaska. Coeur Alaska is obligated to pay Echo Bay a scaled net smelter return royalty on 1.0 million ounces of future gold production after Coeur Alaska recoups the $32.5 million purchase price and its construction and development expenditures incurred after July 7, 1995 in connection with placing the property into commercial production. The royalty ranges from 1% at $400 gold prices to a maximum of 2 ½% at gold prices above $475, with the royalty to be capped at 1.0 million ounces of production.

During the fourth quarter of 2004, the U.S. Forest Service issued its Record of Decision ("ROD") for the Final Supplemental Environmental Impact Statement ("FSEIS"). An environmental group, Southeast Alaska Conservation Council ("SEACC"), and a group of other community and private environmental groups, appealed the issuance of the ROD. On March 23, 2005, the US Forest Service upheld the decision to approve the FSEIS. On June 28, 2005, the Company received the Environmental Protection Agency's ("EPA") National Pollution Discharge Elimination System ("NPDES") Permit. In addition, the Company received the U.S. Army Corps of Engineers ("Corps of Engineers") 404 Wetlands Permit, which authorized the construction of a Lower Slate Lake tailings facility, millsite road improvements and a Slate Creek Cove dock facility. All permits were reviewed for consistency by both the Alaska Coastal Management and Department of Governmental Coordination, which issued its final ACMP permit certification. On June 6, 2005, two environmental groups, Lynn Canal Conservation Inc. and the Sierra Club, Alaska Chapter filed an appeal of the State of Alaska 401 certification of the Corps of Engineers' approval of the project. Both the State of Alaska and the Company responded in opposition of the appeal to the Commissioner of the Department of Environmental Conservation. The Commissioner denied a hearing which concluded the administrative appeal process.

On September 12, 2005, SEACC, the Sierra Club and Lynn Canal Conservation filed a lawsuit in Federal District Court in Alaska challenging the permits issued by the Corps of Engineers and the US Forest Service and on November 8, 2005, the Corps of Engineers filed a Motion for Voluntary Remand with the court to review the permit issued to the Company under the Clean Water Act (CWA) Section 404 and requested that the court stay the legal proceeding filed by SEACC and the other environmental groups pending the outcome of review. On

November 12, 2005, the Federal District Court in Alaska granted the remand of the permit to the Corps of Engineers for further review. On November 22, 2005, the Corps of Engineers advised the Company that it was suspending the Section 404 permit pursuant to the Court's remand to further review the permit. The Company has submitted a work plan which defines the activities at the project that are not impacted by the 404 permit or are allowable activities under the 404 permit that can continue during the suspension by the Corps of Engineers. The Company has been continuing its drilling and exploration activities and progressing construction pursuant to the work plan. The Company is unable to predict the impact of this suspension or litigation on the project at this time.

No assurance can be given as to whether or when regulatory permits and approvals granted to the Company may be challenged, appealed or contested by third parties or issuing agencies, or as to whether the Company will place the Kensington project into commercial production.

In the second quarter of 2004, we completed an updated feasibility study based on an alternative operating scenario which would eliminate the need for a man camp, simplify operating logistics and focus mining on higher-grade areas of the deposit (thereby reducing significantly the size of the mill facilities). This plan significantly reduced capital and operating costs while preserving the ability to expand production as market conditions warrant. In the second quarter of 2005, the Company received its final construction permits and updated the construction and operating cost estimates set forth in the feasibility study. Due to a general increase in commodity prices impacting the industry in general, the Company retained an independent engineering firm to review its capital cost estimate during the fourth quarter of 2005. As a result of increased earthwork requirements, increased storm water management programs, the costs associated with the challenges to the project's permits and the general increase in commodity prices, the Company currently estimates the total cost of construction to be approximately $190 million. Construction commenced during the third quarter of 2005 and is expected to take approximately 18 months. The Company believes that commercial production could commence in as early as late 2007, subject to successful resolution of the permitting and litigation issues described above.

During 2005, the Company invested $50.2 million in connection with the development of the mine, of which $44.2 million was capitalized. The Company plans to spend approximately $76.7 million on the project during 2006.

The Kensington ore deposit consists of multiple precious metals bearing mesothermal, quartz, carbonate, pyrite vein swarms and discrete quartz-pyrite veins hosted in the Cretaceous age Jualin diorite. The gold-telluride-mineral calaverite is associated with the pyrite mineralization.

Year-end Proven and Probable Ore Reserves [1] – Kensington Property

	2005 [2]	**2004** [2]	**2003**
Tons (000's)	4,206	4,206	4,113
Ounces of gold per ton	0.25	0.25	0.24
Contained ounces of gold	1,050,000	1,050,000	1,003,000

Year-end Mineralized Material

	2005	**2004**	**2003**
Tons (000's)	3,116	3,116	7,262
Ounces of gold per ton	0.27	0.27	0.12

(1) A gold price of $375 per ounce was used to determine ore reserves.

(2) Reserves shown are based on the study dated June 15, 2004.

Not all Kensington ore zones have been fully delineated internally, or at depth or on strike and several peripheral zones and veins remain to be explored. In the third quarter of 2005 the Company commenced an exploration program designed to increase the size and geologic continuity of gold mineralization currently in its mineralized material inventory and ultimately result in an increase in proven and probable reserves. For the year, a total of $2.2 million was spent on this exploration program which consisted of completion of approximately 34,000 feet of core drilling, sampling and assaying from underground platforms at Kensington. The program will be continued into 2006 and an updated model of reserves and additional mineralized material is expected to be completed in the third quarter of 2006. A total of 74 holes were drilled in 2005 of which 62, or 87%, encountered gold mineralization with assays greater than or equal to 0.120 troy ounces per short ton; the expected cut-off grade for the current mineralized material. Based on the drilling completed to date, the Company expects to convert a significant portion of the existing mineralized material into reserves and expects the total reserves and mineralized material to increase during 2006 although there can be no assurance we will be able to do so. In addition, the Company possesses the right to develop the Jualin property, an exploratory property located adjacent to the Kensington Property where approximately $0.7 million was spent on approximately 5,000 feet of core drilling, sampling and assaying. The Company's rights to use and develop the Jualin property are subject to an Amended Lease Agreement dated August 5, 2005 between Hyak Mining Company Inc. as Lessor and Coeur Alaska Inc. as Lessee which expires in August 2020 with provision for lease extension.

EXPLORATION ACTIVITY

Coeur, either directly or through its wholly-owned subsidiaries, owns, leases and has interests in certain exploration-stage mining properties located in the United States, Chile, Argentina, Tanzania and Bolivia. Exploration expenses of approximately $11.9 million, $9.7 million and $4.9 million were incurred by the Company in connection with exploration activities in 2005, 2004 and 2003, respectively.

Donald J. Birak, Coeur's Senior Vice President of Exploration, is the qualified person responsible for the preparation of the scientific and technical information in this Annual Report on Form 10-K. Mr. Birak has reviewed the available data and procedures and believes the calculations of mineral resources and mineral reserves were conducted in a professional and competent manner.

Cerro Bayo Mine, Chile

Coeur continued to have exploration success at its 100%-owned Cerro Bayo gold/silver mining operation in southern Chile. Approximately $4.8 million was spent in exploration during 2005. A total of nearly 245,000 feet of core drilling was completed during the year primarily to discover new mineral resources and define new mineral reserves.

The Company believes that there is potential to discover additional high grade veins within the entire Cerro Bayo district, which is over 2.5 miles east–west by 6 miles north-south. The exploration budget for 2006 is estimated to be $4.9 million.

Martha Mine, Argentina

Coeur had encouraging exploration results at its 100%-owned high-grade silver Martha Mine area located in Santa Cruz Province, Argentina. The underground mine is approximately 270 miles southeast of Coeur's Cerro Bayo property located in Southern Chile.

Coeur continued a mine development and exploration program during 2005 and focused primarily on areas around the 100 acre Martha mine property. The Martha vein, which is exposed for over one mile, is one of seven presently known veins that have had very limited exploration prior to Coeur's acquisition of the property.

Coeur's efforts consisted of mapping, sampling and nearly 83,000 feet of core drilling for a total expenditure of $2.7 million.

The 2005 program was successful in discovering extensions of high grade ore along the strike of the Martha and R4 veins within the mine itself as well as locating several new high-grade ore shoots, in the depth and eastern extensions of the known veins. An ongoing drill program during 2006 is planned to expand the high-grade mineralization discovered in 2005 and to explore for additional high-grade veins.

Coeur also continued reconnaissance on its large land package in Santa Cruz Province surrounding the Martha mine as well as 90 miles to the north surrounding its Lejano property. The Company plans to continue to map, sample and drill targets on its holdings in 2006.

Tanzania, Africa

During the first quarter of 2004, the Company acquired ten prospecting licenses for properties located in the Victoria Gold Belt of Tanzania, Africa. The prospecting licenses are valid for a period of three years and contain renewal options. During 2005, work consisted of mapping, sampling and acquisition and interpretation of geophysical and remote sensing data. As a result of this work, a large gold-in-soil anomaly, measuring over 2 kilometers (1.2 miles) long in an east-west orientation, by over 0.5 kilometers (0.3 miles) wide was defined on the Geita 2 exploration concession. Other, smaller-scale gold anomalies were also defined on this 105 square kilometer-sized property which lies on the same belt of Archean-aged rocks, commonly termed "greenstone", which host the Geita gold mine to the east. Greenstone rocks, a mixture of volcanic, sedimentary and intrusive rocks, are a major host to gold mineralization around the globe. During 2005 the company added the Sargurwa property, northwest of its Geita 2 concession, to its portfolio through an option agreement with a local Tanzanian group of owners.

Plans for 2006 are to conduct shallow rotary air-blast (RAB) drilling on Geita 2 to determine the source of the gold-in-soil anomaly and map bedrock geology under the lateritic terrain typical of east Africa and follow-up with deeper core drilling on favorable RAB drilling and geochemical results, as well as reconnaissance activity on the Company's other parcels. During 2006, the Company plans to spend approximately $0.8 million on exploration activities which, if successful, could identify targets for drilling later in 2006.

SILVER AND GOLD PRICES

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

	Year Ended December 31,					
	2005		2004		2003	
	High	Low	High	Low	High	Low
Silver	$9.11	$6.38	$8.24	$5.57	$5.97	$4.39
Gold	$536.50	$411.10	$454.20	$375.00	$416.25	319.90

MARKETING

The Company markets its metals products and concentrates primarily to bullion trading banks and third party smelters. These customers then sell the metals to end users for use in industry applications such as electronic circuitry, jewelry and silverware production and the manufacture and development of photographic film. Sales of metals to bullion trading banks amounted to approximately 40%, 48% and 41% of total sales of metals in 2005, 2004 and 2003, respectively, and sales of metal concentrates to third party smelters amounted to approximately 60%, 52% and 59% of total metal sales in 2005, 2004 and 2003, respectively. Generally, the loss of a single bullion trading bank customer would not adversely affect the Company in view of the liquidity of the product and availability of alternative trading banks. In 2005, the Company had sales of concentrates to two third- party smelters which constituted 10% or more of the Company's total metal sales. A significant delay or disruption as the result of a disruption in the Company's contracts could have a materially adverse effect on our operations if we were unable to locate an alternate smelter to treat our concentrates.

The Company has no future silver or gold production hedged at December 31, 2005 and has no plans to hedge its silver in the future. Coeur has historically sold the gold from its mines both pursuant to forward contracts and at spot prices prevailing at the time of sale. Silver has been sold at spot prices prevailing at the time of sale. Entering into forward sale contracts is a strategy which can be used to enhance revenues and/or mitigate some of the risks associated with fluctuating precious metals prices. For further details of the Company's gold sales program please refer to Note M – Derivative Financial Instruments and Fair Value Financial Instruments of the Company's Consolidated Financial Statements and Accompanying Notes.

GOVERNMENT REGULATION

General

The Company's commitment to environmental responsibility has been recognized in 23 awards received since 1987, which included the Dupont/Conoco Environmental Leadership Award, awarded to the Company on October 1, 1991 by a judging panel that included representatives from environmental organizations and the federal government, the "Star" award granted on June 23, 1993 by the National Environmental Development Association, and the Environmental Waikato Regional Council award for Golden Cross environmental initiative granted on May 15, 1995 and in March 2004 the Habitat Restoration Award from the Nevada Division of Wildlife for developing habitat at the Rochester mine. In 1994, the Company's Chairman and Chief Executive Officer, and in 1997, the Company's Vice President of Environmental and Governmental Affairs, were awarded the American Institute of Mining, Metallurgical and Petroleum Engineers' Environmental Conservation Distinguished Service Award.

The Company's activities are subject to extensive federal, state and local laws governing the protection of the environment, prospecting, development, production, taxes, labor standards, occupational health, mine safety, toxic substances and other matters. Although the Company is usually involved in regulatory proceedings for renewal or reissue of various permits, such regulations have never caused the Company to close any mine. The costs associated with compliance with such regulatory requirements are substantial and possible future legislation and regulations could cause additional expense, capital expenditures, restrictions and delays in the development of the Company's properties, the extent of which cannot be predicted. In the context of environmental permitting, including the approval of reclamation plans, the Company must comply with known standards and regulations which may entail significant costs and delays. Although Coeur has been recognized for its commitment to environmental responsibility and believes it is in substantial compliance with applicable laws and regulations, amendments to current laws and regulations, the more stringent implementation thereof through judicial review or administrative action or the adoption of new laws could have a materially adverse effect upon the Company.

For the years ended December 31, 2005, 2004 and 2003, the Company expended \$5.1 million, \$4.4 million and \$4.5 million, respectively, in connection with routine environmental compliance activities at its operating properties and expects to expend approximately \$3.7 million for that purpose in 2006. Future environmental expenditures will be determined by governmental regulations and the overall scope of the Company's operating and development activities.

Federal Environmental Laws

Mining wastes are currently exempt to a limited extent from the extensive set of Environmental Protection Agency ("EPA") regulations governing hazardous waste, although such wastes may be subject to regulation under state law as a solid or hazardous waste. The EPA plans to develop a program to regulate mining waste pursuant to its solid waste management authority under the Resource Conservation and Recovery Act ("RCRA"). Certain processing and other wastes are currently regulated as hazardous wastes by the EPA under RCRA. The EPA is studying how mine wastes from extraction and beneficiation should be managed and regulated. If the Company's mine wastes were treated as hazardous waste or such wastes resulted in operations being designated as a "Superfund" site under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or "Superfund") for cleanup, material expenditures would be required for the construction of additional waste disposal facilities or for other remediation expenditures. Under CERCLA, any present owner or operator of a Superfund site or an owner or operator at the time of its contamination generally may be held liable and may be forced to undertake remedial cleanup action or to pay for the government's cleanup efforts. Additional regulations or requirements may also be imposed upon the Company's tailings and waste disposal in Idaho and Alaska under the Federal Clean Water Act ("CWA") and state law counterparts, and in Nevada under the Nevada Water Pollution Control Law which implements the CWA. Air emissions are subject to controls under Nevada's, Idaho's and Alaska's air pollution statutes implementing the Clean Air Act.

Proposed Mining Legislation

Legislation has been introduced, on several occasions, in the U.S. Congress to change the Mining Act under which the Company holds mining claims on public lands. It is possible that the Mining Act may be amended or be replaced by more onerous legislation in the future. Previously proposed legislation contained new environmental standards and conditions, additional reclamation requirements and extensive new procedural steps which would be likely to result in delays in permitting. The Forest Service and the Bureau of Land Management have considered revising regulations governing operations under the Mining Act on public lands they administer, which, if reintroduced, may result in additional procedures and environmental conditions and standards on those lands.

During the last several Congressional sessions, bills have been introduced which would supplant or materially alter the Mining Act. If enacted, such legislation may materially impair the ability of the Company to develop or continue operations which derive ore from federal lands. No such bills have been passed and the extent of the changes, if any, which may be enacted by Congress is not presently known. A significant portion of Coeur's U.S. mining properties are on public lands. Any reform of the Mining Act or Bureau of Land Management and Forest Service regulations thereunder based on these initiatives could increase the costs of mining activities on unpatented mining claims, and as a result could have an adverse effect on the Company and its results of operations. Until such time, if any, as new reform legislation or regulations are enacted, the ultimate effects and costs of compliance on the Company cannot be estimated.

Foreign Government Regulations

The mining properties of the Company that are located in Chile and Argentina are subject to various government laws and regulations pertaining to the protection of the air, surface water, ground water and the environment in general, as well as the health of the work force, labor standards and the socioeconomic impacts of mining facilities upon the communities. A recently established State Council for the Environment (CODEMA) has responsibility to define policy, approve plans and programs, control regulatory activities and enforce compliance. The Company believes it is in substantial compliance with all applicable laws and regulations to which it is subject in Chile and Argentina.

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

The Company does not directly hold any interest in mining properties in Australia. However, under the respective Silver Sale Agreements with CBH Resources Limited and Perilya Broken Hill Limited, the Company has purchased the silver resources in the ground of these mining companies. These two companies are responsible for the mining operation and compliance with Government regulations and the Company is not responsible for compliance. The Company is however at risk for any production stoppages resulting from non-compliance. The mining properties of CBH and Perilya are subject to a range of State and Federal government laws and regulations pertaining to the protection of the air, surface water, ground water, noise, site rehabilitation and the environment in general, as well as the occupational health and safety of the work force, labor standards and the socio-economic impacts of mining facilities among local communities. In addition, the various Federal and State native title legislation recognizes and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs, and may restrict mining and exploration activity and/or result in additional costs. CBH and Perilya are required to deal with a number of governmental departments in development and exploitation of their respective mining properties. The Company is not aware of any substantial non-compliance with applicable laws and regulations to which its partners are subject in Australia.

Maintenance of Claims

United States

At mining properties in the United States, including the Rochester, Kensington, Coeur, Galena and Caladay mines, operations are conducted in part upon unpatented mining claims, as well as patented mining claims. Pursuant to applicable federal law it is necessary, in order to maintain the unpatented claims, to pay to the Secretary of the Interior, on or before August 31 of each year, a claim maintenance fee of $100 per claim. This claim maintenance fee is in lieu of the assessment work requirement contained in the Mining Law of 1872. In addition, in Nevada, holders of unpatented mining claims are required to pay the county recorder of the county in which the claim is situated an annual fee of $3.50 per claim. No maintenance fees are payable for patented claims. Patented claims are similar to land held by an owner who is entitled to the entire interest in the property with unconditional power of disposition.

Chile

In Chile, operations are conducted upon mineral concessions granted by the national government. For exploitation concessions (somewhat similar to a U.S. patented claim), to maintain the concession, an annual tax is payable to the government before March 31 of each year in the approximate amount of $1.14 per hectare. For exploration concessions, to maintain the right, the annual tax is approximately $.30 per hectare. An exploration concession is valid for a five-year period. It may be renewed for new periods unless a third party claims the right to explore upon the property, in which event the exploration concession must be converted to an exploitation concession in order to maintain the rights to the concession.

Argentina

Minerals are owned by the Argentine government, which allows individual provinces to impose a maximum 3% mine-mouth royalty on mineral production. The first step in acquiring mining rights is filing a cateo, which gives exclusive prospecting rights for the requested area for a period of time, generally up to 3 years. Maximum size of each cateo is 10,000 hectares; a maximum of 20 cateos can be held by a single entity (individual or company) in any one province.

The holder of a cateo has exclusive right to establish a Manifestation of Discovery (MD) on that cateo, but MD's can also be set without a cateo on any land not covered by someone else's cateo. MDs are filed as either a vein or disseminated discovery. A square protection zone can be declared around the discovery – up to 840 hectares for vein MD or up to 7,000 hectares for a disseminated MD. The protection zone grants the discoverer exclusive rights for an indefinite period, during which the discoverer must provide an annual report presenting a program of exploration work and investments related to the protection zone. An MD can later be upgraded to a Mina (mining claim), which give the holder the right to begin commercial extraction of minerals.

Bolivia

The Bolivian national mining company, Corporacion Minera Bolivia ("Comibol"), is the underlying owner of all of the mining rights relating to the San Bartolome project, with the exception of the Thuru property, which is owned by the Cooperativa Reserva Fiscal, a local miners cooperative. Comibol's ownership derives from the Supreme Decree 3196 in October 1952, when the government nationalized most of the mines in Potosi, except for Thuru. Except for Thuru, Comibol has leased the mining rights for the surface sucu or pallaco gravel deposits to several Potosi cooperatives. The cooperatives in turn have subleased their mining rights to Manquiri through a series of "joint venture" contracts. In addition to those agreements with the cooperatives, Coeur, through its subsidiary Manquiri, holds additional mining rights under lease agreements. All of Manquiri's mining and surface rights collectively constitute the San Bartolome project.

Australia

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

EMPLOYEES

The number of full-time employees at December 31, 2005 of Coeur d'Alene Mines Corporation and its subsidiaries was:

United States Corporate Staff & Office	38
Silver Valley - Galena Mine [1]	181
Rochester Mine	226
Kensington Property	38
Chilean Corporate Staff & Office	48
Cerro Bayo Mine [1]	509
Mina Martha/Argentina [1]	128
San Bartolome	38
Total	1,206

[1] The Company maintains a labor agreement with the United Steelworkers of America at its Coeur Silver Valley mine. The agreement is effective from March 26, 2003 to March 1, 2006, which was further extended to September 1, 2006. The Company also maintains a labor agreement with Syndicate De Trabayadores De Compania Minera Cerro Bayo LTA at its Cerro Bayo Chile mine. The agreement is effective from December 22, 2005 to December 21, 2007. As of December 31, 2005, the Company had approximately 25% of its labor force covered by collective bargaining. In Argentina, the Company's production workforce is not currently represented by a union; however, negotiations started in February 2006 with the Asociacion Obrea Minera Argentina with the intent of reaching a labor agreement by the end of March 2006. Management believes it has a satisfactory relationship with its Union workforce.

Item 3. Legal Proceedings.

Federal Natural Resources Action

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

The Company and representatives of the U.S. Government, including the Environmental Protection Agency, the Department of Interior and the Department of Agriculture, reached an agreement to settle the lawsuit. The terms of settlement are set forth in a Consent Decree issued by the court. Pursuant to the terms of the Consent Decree, dated May 14, 2001, the Company has paid the U.S. Government a total of approximately $3.9 million, of which $3.3 million was paid in May 2001 and the remaining $0.6 million was paid in June 2001. In addition, the Company will (i) pay the United States 50% of any future recoveries from insurance companies for claims for defense and indemnification under general liability insurance policies in excess of $0.6 million, (ii) accomplish certain cleanup work on the Mineral Point property and Caladay property, and (iii) make a conveyance to the U.S. or the State of Idaho of certain real property to possibly be used as a waste repository. Finally, commencing five years after effectiveness of the settlement, the Company will be obligated to pay net smelter return royalties on all of its domestic and foreign operating properties, up to a cumulative maximum of $3.0 million, amounting to a 2% net smelter royalty on silver production if the price of silver exceeds $6.50 per ounce, and a $5.00 per ounce net smelter royalty on gold production if the price of gold exceeds $325 per ounce. The royalty payment obligation commences on May 14, 2006 and expires after May 14, 2021.

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

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

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

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

In January 2003, the U.S. 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.

Suit by Credit Suisse First Boston

On December 2, 2003, suit was filed by Credit Suisse First Boston against the Company in the United States District Court for the Southern District of New York (Docket No. 03 Civ 9547). The plaintiff alleged that the Company breached a contract between the parties providing for services to be furnished by the plaintiff to the defendant. Plaintiff alleged that it was entitled to damages in the amount of $2.4 million attributed to the breach. On April 6, 2005, the Company agreed to settle the suit for $1.6 million which was accrued in the first quarter of 2005 and paid in the second quarter of 2005.

Argentina Regulatory Issues

In September 2004 the Provincial government in Argentina made a formal demand upon the Company's wholly owned subsidiary which operates the Martha Mine for royalty payment attributed to ore mined and shipped in excess of payments made before the demand. The government has taken the position that an insufficient royalty was being paid. The demand was in the approximate amount of $0.3 million. The Company paid the demand under protest and is contesting the amount through an administrative review procedure. The Provincial government may make further such demands attributed to additional ore shipped from the mine. The Company is not able to predict at this time what the position of the Provincial government will be nor the amount of exposure associated with further demands, if such demands are made.

Coeur learned on November 19, 2004 that its wholly owned subsidiary, Compania Minera Polimet S.A. ("Polimet"), the owner of the Martha mine, is being investigated by Argentine governmental agencies. Based on discussions between the Company's counsel and governmental authorities, the Company currently believes that the investigation relates to operations carried out by the predecessor owner of Polimet. In particular, the Company understands that the investigation may focus on shipments of ore from the Martha mine made by the predecessor owner of Polimet in 2001 and early 2002, and whether such shipments complied with applicable export control laws. The Company acquired the stock of Polimet in April 2002.

At this point, neither the Company, Polimet nor any officer or director has been served with any complaint or subpoena, given any official written notice or formally charged with any offense. Consequently, the Company cannot predict with certainty or specificity any allegations that may ultimately be brought against the Company, Polimet or their individual directors or officers, or what remedies may ultimately be sought or obtained against the Company. If the Company suffers any losses or damages related to operation of the Martha mine prior to the Company's ownership, the Company would expect to pursue indemnification against the previous owner of Polimet.

In December 2005, the Company was notified that the prosecutor assigned to the investigation had recommended that the investigation be concluded with no action to be taken against the Company or Polimet. Based upon this information, the Company believes there will be no formal charges or notification of an action against the Company.

Federal District Court of Alaska Permit Challenge

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

On September 29, 2005, Coeur Alaska, Inc. filed its Answer to Complaint and Motion to Intervene as a Defendant-Intervenor in the action. That motion is pending with the court. Once the Company has been granted Defendant-Intervenor status, it will join the agencies in their defense of the permits as issued. On October 12, 2005, the State of Alaska and Goldbelt, Inc, a local native corporation, additionally joined in filing their respective Motions to Intervene as Defendant-Intervenors as supporters of the Kensington project as permitted. On November 8, 2005, the U.S. Corps of Engineers filed a Motion for Voluntary Remand with the court to review the permit issued to the Company under the Clean Water Act (CWA) Section 404 and requested that the court stay the legal proceeding filed by SEACC and the other environmental groups pending the outcome of review.

On November 12, 2005, the Federal District Court in Alaska granted the remand of the permit to the Corps of Engineers for further review. On November 22, 2005, the Corps of Engineers advised the Company that it was suspending the Section 404 permit pursuant to the Court's remand to further review the permit. The Company has submitted a work plan which will define the activities at the project that are not impacted by the 404 permit or are allowable activities under the 404 permit that can continue during the suspension by the Corps of Engineers. The Company is unable to predict the impact of this suspension or litigation on the project at this time.

District Court of Alaska Wrongful Death Action

On July 11, 2005, an action was filed in the United States District Court for the District of Alaska at Juneau by Chelsea Walker Fink on behalf of Joseph Kollander, a minor child, and Thomas J. Kollander, Jr., plaintiffs, against defendants Echo Bay Exploration, Inc., Coeur d'Alene Mines Corporation and Coeur Alaska, Inc. alleging wrongful death and negligence relating to a mine accident occurring in 1990 at the Kensington mine. Coeur Alaska was engaged in a joint venture agreement with Echo Bay Exploration at the time of the incident at issue when Echo Bay was the operator of the facility. The insurer for the Company is defending the action under a reservation of rights. The complaint does not specify damages sought by the plaintiff; however, management believes this will not result in a material adverse impact to the Company, and believes that the matter is covered by insurance.

AVAILABLE INFORMATION

The Company's website is http://www.coeur.com. Coeur makes available free of charge, on or through its website, its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and Forms 3 and 4, as soon as reasonably practicable after electronically filing such reports with the Securities and Exchange Commission. Copies of the charters of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee of the Board of Directors are available at our website www.coeur.com. Coeur has adopted a Code of Conduct and Ethics for Directors, Officers and Employees, including the chief executive officer, chief financial officer and chief accounting officer. A copy of the code of ethics and our Corporate Governance Guidelines are available at our website www.coeur.com. Information contained on the Company's website is not a part of this report.

The Company's Board of Directors adopted an addendum to its Policies and Procedures Manual to establish a code of ethics for the chief executive and principal financial and accounting officers of the Company. The Company will provide a copy of the code free of charge to any person that requests a copy by writing to the Secretary, Coeur d'Alene Mines Corporation, 400 Coeur d'Alene Mines Building, 505 Front Avenue, Post Office Box I, Coeur d'Alene, Idaho 83816-0316.

Item 4. Submission of Matters to a Vote of Security Holders.

Not applicable.

Item 4A. Executive Officers of the Registrant.

The following table sets forth certain information regarding the Company's current executive officers:

Name	Age	Positions with Coeur	Since
Dennis E. Wheeler	63	Chairman of the Board Chief Executive Officer and President	1992 1986
James A. Sabala	51	Executive Vice President, Chief Financial Officer and Treasurer	2003
Harry F. Cougher	63	Senior Vice President – North American Operations	2005
James K. Duff	61	President – South American Operations	2005
Donald J. Birak	52	Senior Vice President – Exploration	2004
Alan L. Wilder	57	Senior Vice President – Project Development	2004
Gary W. Banbury	53	Senior Vice President Chief Administrative Officer	2004
Kelli C. Kast	39	Vice President, General Counsel and Corporate Secretary	2005
W. Scott Lamb	51	Vice President of Investor Relations	2005
James R. Arnold	53	Vice President – Technical Services	2003
Mitchell J. Krebs	34	Vice President – Corporate Development	2003
Tom T. Angelos	50	Controller Chief Accounting Officer	2004

Dennis E. Wheeler has been Chairman of the Board of Coeur d'Alene Mines Corporation since May 1992 and Chief Executive Officer since December 1986. Previously, Mr. Wheeler served as President of Coeur, commencing in December 1980. Mr. Wheeler was our Chief Administrative Officer from December 1980 to December 1986, Secretary from January 1980 to December 1980 and Senior Vice President and General Counsel from 1978 to 1980.

James A. Sabala was appointed as Executive Vice President and Chief Financial Officer of Coeur in January 2003. Prior to that, Mr. Sabala was Vice President and Chief Financial Officer of Stillwater Mining Company from 1998 to 2003, and from 1981 to 1998 was employed by Coeur in various capacities, most recently as Executive Vice President and Chief Financial Officer.

Harry F. Cougher was appointed Senior Vice President – North American Operations in January 2005. Prior to that Mr. Cougher was the Vice President and General Manager of Coeur Silver Valley since 2001. Previous to this Mr. Cougher served as Senior Vice President Mining & Chief Operating Officer for Sunshine Mining Company from 1994 to 2001.

James K. Duff was appointed President South American Operations September of 2005. Prior to that Mr. Duff served as President Empressa Manquiri SA from June 2005 to September 2005. Prior to that he was employed as an independent contractor by Coeur from November 2002 to June 2005 and prior to that he was employed from March 1990 to November 2002 as Vice President Business Development for Coeur d'Alene Mines.

Donald J. Birak was appointed as Senior Vice President – Exploration of Coeur in January 2004. Prior to that, Mr. Birak was employed with AngloGold North America, Inc. from March 1999 to January 20, 2004, as Vice President – Exploration.

Alan L. Wilder was appointed Senior Vice President – Project Development in July 2004. Prior to that, Mr. Wilder was an independent consultant from July 2002 to July 2004 for Glamis Gold and Coeur d'Alene Mines Corporation. Prior thereto, he was Project Manager for BHP Tintaya from February 2000 to June 2002 and from 1999 to 2000 he was an independent consultant for the mining industry.

Gary W. Banbury was appointed Senior Vice President and Chief Administrative Officer in February 2004. Prior to that, Mr. Banbury served as Vice President—Administration and Human Resources from 2000 to 2004. Mr. Banbury held the position of Vice President—Human Resources of Coeur from 1998 to 2000, and prior thereto he served as Manager of Human Resources with Coeur.

Kelli C. Kast was appointed Vice President General Counsel and Corporate Secretary in May 2005. Prior to that Ms. Kast served as Corporate Counsel for HealtheTech. Inc. from April 2004 to April 2005. Prior thereto, she served as Assistant General Counsel and Corporate Secretary for Global Water Technologies Inc. and Psychrometric Systems, Inc. from December 1997 through February 2003.

W. Scott Lamb was appointed Vice President Investor Relations in August 2005. Prior to that Mr. Lamb was employed with Kaiser Aluminum Corporation from January 1992 to July 2005 as Vice President Investor Relations and Corporate Communications.

James R. Arnold was appointed as Vice President Technical Services in June 2003. From February 2002 to May 2003, Mr. Arnold served as Chief Operating Officer of Earthworks Technologies, Inc., a wholly owned subsidiary of Coeur. In addition, he was a principal with Knight Piesold and Company from September 1997 until February 2002 where he served as President and CEO.

Mitchell J. Krebs was appointed to the position of Vice President—Corporate Development of Coeur in February 2003. Mr. Krebs was employed as an independent consultant from September 2001 through January 2003, and from May 2000 through August 2001 was employed as the President of Mine Depot Inc. From August 1999 through April 2000, Mr. Krebs was an associate with Allied Capital Corporation. From August 1995 through November 1997, Mr. Krebs was employed by Coeur as Manager—Acquisition Evaluation.

Tom T. Angelos was appointed as Controller and Chief Accounting Officer of Coeur in September 2004. Prior to that, Mr. Angelos was Controller of Stillwater Mining Company from 1998 to 2004, and from 1983 to 1998 was employed by Coeur in various capacities, most recently as Controller.

Part II

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

The Company's Common Stock is listed on the New York Stock Exchange (the "NYSE"), the Toronto Stock Exchange and the Pacific Exchange. The following table sets forth, for the periods indicated, the high and low closing sales prices of the Common Stock as reported by the NYSE:

	High	Low
2004		
First Quarter	$ 7.67	$ 5.34
Second Quarter	$ 7.14	$ 3.88
Third Quarter	$ 4.74	$ 3.10
Fourth Quarter	$ 5.21	$ 3.93
2005		
First Quarter	$ 4.37	$ 3.33
Second Quarter	$ 3.75	$ 2.75
Third Quarter	$ 4.32	$ 3.36
Fourth Quarter	$ 4.59	$ 3.62
2006		
First Quarter (through February 28, 2006)	$ 5.73	$ 4.11

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

At February 28, 2006, there were 4,970 record holders of the Company's outstanding Common Stock.

The Company did not issue any securities without registration under the Securities Act of 1933 during the year ended December 31, 2005.

The Company made no repurchases of its common stock during the year ended December 31, 2005.

Equity Compensation Plan Information

The following table sets forth information as of December 31, 2005 regarding the Company's equity compensation plans.

Plan category	Number of shares to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of shares remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	2,218,629	3.16	6,022,993
Equity compensation plans not approved by security holders	-	-	-
Total	2,218,629	3.16	6,022,993

Item 6. Selected Financial Data

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

Income Statement Data:	**2005**	**2004**	**2003**	**2002**	**2001**
		(In thousands except per share data)			
Revenues:					
Sales of metal	$ 172,336	$ 132,807	$110,703	$88,436	$70,589
Costs and expenses:					
Production costs applicable to sales	104,930	82,352	80,042	84,958	70,538
Depreciation and depletion	20,885	18,800	16,627	13,511	11,347
Administrative and general	19,417	15,914	12,264	8,806	8,122
Exploration	11,914	9,651	4,947	3,849	10,046
Pre-development	6,057	11,449	1,967	2,606	-
Write-down of mining properties and other	1,379	1,983	6,393	23,060	9,946
Litigation settlement	1,600	-	-	-	-
Total costs and expenses	166,182	140,149	122,240	136,790	109,999
Other income (expense)					
Interest and other income	8,365	3,205	2,019	8,544	2,712
Interest expense, net	(2,485)	(2,831)	(12,851)	(21,948)	(14,592)
Merger expenses	-	(15,675)	-	-	-
(Loss) gain on early retirement of debt	-	-	(41,564)	(19,061)	48,217
Total other income (expense)	5,880	(15,301)	(52,396)	(32,465)	36,337
Income (loss) from continuing operations before income taxes	12,034	(22,643)	(63,933)	(80,819)	(3,073)
Income tax (provision) benefit	(1,483)	5,785	7	-	6
Income (loss) before cumulative effect of change in accounting principle	10,551	(16,858)	(63,926)	(80,819)	(3,067)
Cumulative effect of accounting change	-	-	(2,306)	-	-
Net income (loss)	$ 10,551	$ (16,858)	$ (66,232)	$ (80,819)	$ (3,067)
Other comprehensive income (loss)	447	(908)	(556)	(1,470)	821
Comprehensive income (loss)	10,998	(17,766)	(66,788)	(82,289)	(2,246)
Basic and Diluted Income (Loss) Per Share Data:					
Basic income (loss)	$ 0.04	$(0.08)	$(0.39)	$(1.03)	$ (0.07)
Diluted income (loss)	$ 0.04	$ (0.08)	$(0. 39)	$(1.03)	$(0.07)
Weighted average number of shares of Common stock					
Basic	242,915	215,969	168,186	78,193	41,946
Diluted	243,683	215,969	168,186	78,193	41,946

Balance Sheet Data:	**2005**	**2004**	**2003**	**2002**	**2001**
	(In thousands except per share data)				
Total assets	$594,816	$525,777	$259,467	$173,491	$210,380
Working capital	$285,114	$349,560	$100,315	$ 7,034	$ 16,270
Long-term liabilities	$219,372	$210,173	$39,529	$ 89,711	$141,877
Shareholders' equity	$341,553	$293,454	$197,478	$ 47,687	$ 26,788

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

General

The results of the Company's operations are significantly affected by the market prices of gold and silver which fluctuate widely and are affected by many factors beyond the Company's 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.

The Company's business strategy is to capitalize on the ore reserve/mineralized material bases located at its operating mines and the expertise of its management team to continue as a leading primary silver production company through long-term, cash flow generating growth. The principal elements of the Company's business strategy are to: (i) increase the Company's silver production and reserves; (ii) decrease cash costs and increase production at the Company's existing silver mining operations; (iii) transform development-stage properties into producing mines; (iv) acquire operating mines, exploration and/or development properties with a view to reducing the Company's cash and total costs, provide short-term positive cash flow return and expand its silver production base and reserves; and (v) continue to explore for new silver and gold discoveries primarily near its existing mine sites and evaluate new opportunities to expand its production through acquisitions and exploration.

The Rochester mine, Cerro Bayo mine/Martha mine and Silver Valley's Galena mine, each operated by the Company, and the Endeavor and Broken Hill mines which are operated by others, constituted the Company's principal sources of mining revenues in 2005.

Critical Accounting Policies and Estimates

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

Revenue Recognition. Revenue is recognized when title to silver and gold passes to the buyer and when collectibility is reasonably assured. The passing of title to the customer is based on terms of the sales contract. Product pricing is determined at the point revenue is recognized by reference to active and freely traded commodity markets for example, the London Bullion Market, an active and freely traded commodity market, for both gold and silver, in an identical form to the product sold.

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

The effects of forward sales contracts are reflected in revenue at the date the related precious metals are delivered or the contracts expire. Third party smelting and refining costs are recorded as a reduction of revenue.

At December 31, 2005, the Company had outstanding provisionally priced sales of $53.6 million consisting of 4.3 million ounces of silver, 40,000 ounces of gold and 0.5 million pounds of copper. For each one cent per ounce change in realized silver price, revenue would vary (plus or minus) approximately $43,000; for each one dollar per ounce change in realized gold price, revenue would vary (plus or minus) approximately $40,000; and for each one cent per pound change in realized copper price, revenue would vary (plus or minus) approximately $5,200. At December 31, 2004, the Company had outstanding provisionally priced sales of $26.7 million, consisting of 2.5 million ounces of silver, 18,755 ounces of gold and 1.0 million pounds of copper. For each one cent per ounce change in realized silver price, revenue would vary (plus or minus) approximately $25,000; for each one dollar per ounce change in realized gold price, revenue would vary (plus or minus) approximately $18,755; and for each one cent per pound change in realized copper price, revenue would vary (plus or minus) approximately $10,000.

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

We review and evaluate our long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. We utilize the methodology set forth in Statement of Financial Accounting Standard (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Asset," to evaluate the recoverability of capitalized mineral property costs. An impairment is considered to exist if total estimated future cash flows or probability-weighted cash flows on an undiscounted basis is less than the carrying amount of the assets, including property, plant and equipment, mineral property, development property, and any deferred costs such as deferred stripping. The accounting estimates related to impairment are critical accounting estimates because the future cash flows used to determine whether an impairment exists is dependent on reserve estimates and other assumptions including, silver and gold prices, production levels, and capital and reclamation costs, all of which are based on detailed engineering life-of-mine plans. An impairment loss exists when estimated undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. Any impairment loss recognized represents the excess of the asset's carrying value as compared to its estimated fair value. The Company reviews the carrying value of its assets whenever events or changes in circumstances indicate that the carrying amount of its assets may not be fully recoverable. The Company did not record any write-downs during the years ended December 31, 2005, 2004 and 2003.

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

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

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

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

Our reported inventories include metals estimated to be contained in the ore on the leach pads of $54.6 million as of December 31, 2005. Of this amount, $25.4 million is reported as a current asset and $29.2 million is reported as a noncurrent asset. The distinction between current and noncurrent is based upon the expected length of time necessary for the leaching process to remove the metals from the broken ore. The historical cost of the metal that is expected to be extracted within twelve months is classified as current and the historical cost of metals contained within the broken ore that will be extracted beyond twelve months is classified as noncurrent. The ore on leach pad inventory is stated at actual production costs incurred to produce and place ore on the leach pad during the current period, adjusted for production issues encountered during the period.

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

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

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

	Positive/Negative Change in Silver Recovery			Positive/Negative Change in Gold Recovery		
	1%	2%	3%	1%	2%	3%
Quantity of recoverable ounces	1.6 million	3.3 million	4.9 million	11,900	23,800	35,800
Positive impact on future cost of production per silver equivalent ounce for increases in recovery rates	$0.78	$1.36	$1.82	$0.36	$0.68	$0.97
Negative impact on future cost of production per silver equivalent ounce for decreases in recovery rates	$1.08	$2.70	$5.35	$0.42	$0.91	$1.48

Inventories of ore on leach pads are valued based upon actual production costs incurred to produce and place such ore on the leach pad during the current period, adjusted for production issues encountered during the period, less costs allocated to minerals recovered through the leach process. The costs consist of those production activities occurring at the mine site and include the costs, including depreciation, associated with mining, crushing and precipitation circuits. In addition, refining is provided by a third party refiner to place the metal extracted from the leach pad in a saleable form. These additional costs are considered in the valuation of inventory.

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

The estimated undiscounted cash flows generated by our assets and the estimated liabilities for reclamation and remediation are determined using the Company's assumptions about future costs, mineral prices, mineral processing recovery rates, production levels and capital and reclamation costs. Such assumptions are based on the Company's current mining plan and the best available information for making such estimates. On an ongoing basis, management evaluates its estimates and assumptions; however, actual amounts could differ from those based on such estimates and assumptions.

Operating Statistics and Reserve Estimates

The Company's total production in 2005 was 13.7 million ounces of silver and 134,227 ounces of gold, compared to 14.1 million ounces of silver and 129,686 ounces of gold in 2004. Total estimated proven and probable reserves at December 31, 2005 were approximately 221.4 million ounces of silver and 1.3 million ounces of gold, compared to silver and gold reserves at December 31, 2004 of approximately 196.2 million ounces and 1.4 million ounces, respectively.

The following table shows the estimated amounts of proven and probable reserves and mineralized material at the Company's following locations [(1)]:

	Proven and Probable [(1)]					Mineralized Material		
	Tons (000's)	Grade Ag oz/t	Grade Au oz/t	Ounces AG (000's)	Ounces AU (000's)	Tons (000's)	Grade Ag oz/t	Grade Au oz/t
Rochester	10,168	.86	.011	8,765	113	15,646	1.03	.01
Silver Valley	444	24.50	-	10,879	-	2,580	11.74	-
Cerro Bayo	935	8.00	.14	7,476	132	4,113	6.19	.10
Mina Martha	67	60.29	.08	4,054	5	134	45.37	.05
San Bartolome	46,176	3.29	-	151,882	-	1,166	3.44	-
Kensington	4,206	-	.25	-	1,050	3,116	-	.27
Endeavor [(2)]	12,125	1.93	-	23,341	-	8,488	2.03	-
Broken Hill [(3)]	11,519	1.30	-	14,955	-	10,825	1.93	-
Total tons	85,640			221,352	1,300	46,068		

Summary by metal:	Total tons (000's)	Ag oz/t (Wt. Avg.)	Au oz/t (Wt. Avg.)	Total tons (000's)	Ag oz/t (Wt. Avg.)	Au oz/t (Wt. Avg.)
Silver	81,434	2.72		42,952	2.80	
Gold	15,376		0.08	23,009		0.06

(1) Reserves using silver price of $6.50 and gold price of $410, except for Endeavor which uses a $7.06 silver price, San Bartolome which uses a $6.00/oz. silver price and Kensington which uses a gold price of $375.

(2) Reserves are provided by the operator as of June 30, 2005, the end of the operator's most recent fiscal year. These totals do not include additions or depletions through December 31, 2005.

(3) Reserves are provided by the operator as of March 31, 2005. These totals do not include additions or depletions through December 31, 2005.

The ore reserves at December 31, 2005 may change with fluctuations in the price of gold and silver. The following table shows the estimated changes to ore reserves at mines operated by the Company at different pricing ranges.

Proven and Probable Ore Reserve Sensitivity to Prices

	Per ounce Silver Price	Per ounce Gold Price	Tons (000's)	(000's) Ounces AG	(000's) Ounces AU
Rochester [(1)]	$6.00	$400	10,168	8,765	113
	$6.50	$410	10,168	8,765	113
	$7.00	$425	10,168	8,765	113
	$7.65	$465	10,168	8,765	113
Silver Valley	$6.00	$400	261	6,810	-
	$6.50	$410	444	10,879	-
	$7.00	$425	584	13,248	-
	$7.65	$465	756	15,292	-
Cerro Bayo	$6.00	$400	869	7,080	125
	$6.50	$410	935	7,476	132
	$7.00	$425	935	7,476	132
	$7.65	$465	967	7,602	134
Mina Martha	$6.00	$400	62	3,932	5
	$6.50	$410	67	4,054	5
	$7.00	$425	69	4,172	6
	$7.65	$465	69	4,172	6

(1) Due to constraints related to the current mine plan and mining equipment fleet, the Rochester reserve does not change specific range of metals prices.

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

	2005	2004	2003
ROCHESTER MINE			
Silver ozs.	5,720,489	5,669,074	5,585,385
Gold ozs.	70,298	69,456	52,363
Cash Costs per oz./silver	$4.82	$3.93	$4.67
Total Costs per oz./silver	$6.66	$5.66	$5.58
GALENA MINE (COEUR SILVER VALLEY)			
Silver ozs.	2,060,338	3,521,813	3,735,663
Gold ozs.	282	354	843
Cash Costs per oz./silver	$8.37	$5.46	$4.66
Total Costs per oz./silver	$9.34	$6.02	$5.03
CERRO BAYO MINE			
Silver ozs.	2,875,047	3,235,192	3,319,429
Gold ozs.	61,058	57,558	65,370
Cash Costs per oz./silver	$0.54	$1.01	$(0.04)
Total Costs per oz./silver	$2.30	$2.43	$2.39
MARTHA MINE			
Silver ozs.	2,093,464	1,709,069	1,549,425
Gold ozs.	2,589	2,318	1,785
Cash costs per oz./silver	$4.60	$4.08	$1.96
Total costs per oz./silver	$5.01	$5.05	$2.82
ENDEAVOR MINE [A]			
Silver ozs.	316,169	-	-
Cash Costs per oz./silver	$2.05	-	-
Total Costs per oz./silver	$3.35	-	-
BROKEN HILL MINE [A]			
Silver ozs.	657,093	-	-
Cash costs per oz./silver	$2.72	-	-
Total costs per oz./silver	$5.47	-	-
CONSOLIDATED PRODUCTION TOTALS			
Silver ozs.	13,722,600	14,135,148	14,189,902
Gold ozs.	134,227	129,686	120,361
Cash costs per oz./silver	$4.26	$3.66	$3.27
Total costs per oz./silver	$5.77	$4.94	$4.39
CONSOLIDATED SALES TOTAL			
Silver ozs. sold	14,707,933	13,354,961	15,032,114
Gold ozs. sold	146,749	117,257	128,899
Realized price per silver oz.	$7.44	$6.82	$4.89
Realized price per gold oz.	$452	$409	$345

[A] The Company acquired its interests in the Endeavor and Broken Hill mines in May 2005 and September 2005, respectively.

The following tables present reconciliation between Non-GAAP cash costs per ounce to GAAP production costs:

YEAR ENDED DECEMBER 31, 2005
(In thousands except ounces and per ounce costs)

	Rochester	Galena	Cerro Bayo	Martha	Endeavor	Broken Hill	Total
Production of Silver (ounces)	5,720,489	2,060,338	2,875,047	2,093,464	316,169	657,093	13,722,600
Cash Costs per ounce	$ 4.82	$ 8.37	$ 0.54	$ 4.60	$ 2.05	$ 2.72	$ 4.26
Total Cash Costs	27,575	$ 17,248	$ 1,542	$ 9,637	$ 648	$ 1,790	$ 58,440
Add/Subtract:							
Third Party Smelting Costs	-	(3,091)	(2,783)	(1,165)	(370)	(570)	(7,979)
By-Product Credit	31,601	2,722	27,114	1,152	-	-	62,589
Deferred Stripping Adjustment	140	-	-	-	-	-	140
Change in Inventory	(14,769)	(181)	7,421	(328)	-	(403)	(8,260)
Production costs applicable to sales	$ 44,547	$ 16,698	$ 33,294	$ 9,296	$ 278	$ 817	$ 104,930

YEAR ENDED DECEMBER 31, 2004
(In thousands except ounces and per ounce costs)

	Rochester	Galena	Cerro Bayo	Martha	Endeavor	Broken Hill	Total
Production of Silver (ounces)	5,669,074	3,521,813	3,235,192	1,709,069	-	-	14,135,148
Cash Costs per ounce	$ 3.93	$ 5.46	$ 1.01	$ 4.08	-	-	$ 3.66
Total Cash Costs (000's)	$ 22,287	$ 19,231	$ 3,253	$ 6,975	-	-	$ 51,746
Add/Subtract:							
Third Party Smelting Costs	-	(5,117)	(4,106)	(887)	-	-	(10,110)
By-Product Credit	28,646	3,766	23,845	951	-	-	57,208
Deferred Stripping Adjustment	(403)	1	110	-	-	-	(292)
Change in Inventory	(13,380)	756	(3,212)	(364)	-	-	(16,200)
Production costs applicable to sales	$ 37,150	$ 18,637	$ 19,890	$ 6,675	-	-	$ 82,352

YEAR ENDED DECEMBER 31, 2003
(In thousands except ounces and per ounce costs)

	Rochester	Galena	Cerro Bayo	Martha	Endeavor	Broken Hill	Total
Production of Silver (ounces)	5,585,385	3,735,663	3,319,429	1,549,425	-	-	14,189,902
Cash Costs per ounce	$ 4.67	$ 4.66	$ (0.04)	$ 1.96	-	-	$ 3.27
Total Cash Costs (000's)	$ 26,062	$ 17,392	$ (132)	$ 3,043	-	-	$ 46,365
Add/Subtract:							
Third Party Smelting Costs	-	(4,410)	(3,118)	(716)	-	-	(8,244)
By-Product Credit	18,980	2,256	23,735	648	-	-	45,619
Deferred Stripping Adjustment	(322)	-	-	-	-	-	(322)
Change in Inventory	(5,149)	(165)	1,465	473	-	-	(3,376)
Production costs applicable to sales	$ 39,571	$ 15,073	$ 21,950	$ 3,448	-	-	$ 80,042

(1) The Company's share of silver production at Endeavor and Broken Hill commenced in May 2005 and September 2005, respectively.

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

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

Cash costs per ounce is a non-GAAP measurement and you are cautioned not to place undue reliance on it and are urged to read all GAAP accounting disclosures presented in the consolidated financial statements and accompanying footnotes. In addition, see the reconciliation of "cash costs" to production costs above.

Results of Operations

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004

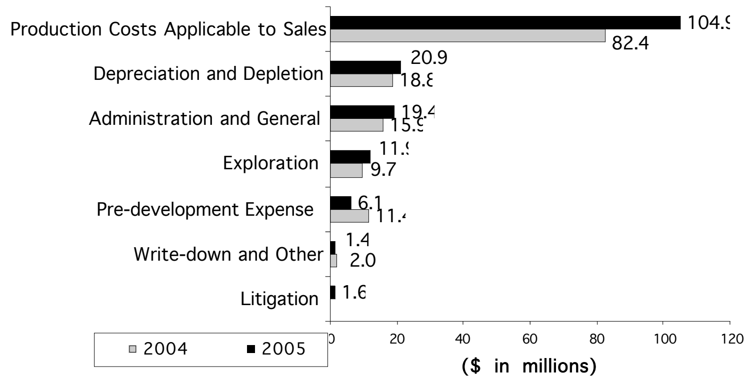
Revenues

Sales of metal in the year ended December 31, 2005 increased by $39.5 million, or 30%, over the year ended December 31, 2004 to $172.3 million. The increase in sales was primarily attributable to an increase in the quantity of silver and gold sold during 2005 and increased metal prices realized in 2005 as compared to 2004. In 2005, the Company sold 14.7 million ounces of silver and 146,749 ounces of gold, compared to sales of 13.4 million ounces of silver and 117,257 ounces of gold in 2004. In the year ended December 31, 2005, the Company realized average silver and gold prices of $7.44 and $452, respectively, compared with realized average prices of $6.82 and $409, respectively, in the prior year.

In the year ended December 31, 2005, the Company produced a total of 13.7 million ounces of silver and 134,227 ounces of gold compared to 14.1 million ounces of silver and 129,686 ounces of gold in 2004. The lower silver production in 2005, as compared to 2004, was primarily due to lower production at the Galena mine which was the result of lower than expected ore grades from the Lower 72 Vein area and shorter than expected strike length of the 2400 Upper silver vein which necessitated the redevelopment of these areas to reach higher ore grade horizons in the ore block. In addition, poor ground conditions have delayed the development and mining of the 112 vein. This was partially offset by higher silver production from the Rochester and Martha mines. In addition, on May 23, 2005, the Company acquired silver production and reserves contained at the Endeavor mine in Australia, which is owned and operated by Cobar Operations Pty. Limited, a subsidiary of CBH Resources Ltd. Coeur's share of silver production there amounted to 316,169 ounces. On September 8, 2005, the Company acquired silver production and reserves contained at the Broken Hill mine in Australia, which is owned and operated by Perilya Broken Hill Ltd. Coeur's share of silver production at that mine from September 8, 2005 to December 31, 2005 amounted to 657,093 ounces.

Costs, Expenses and Write-downs

The following table sets forth year 2005 versus year 2004 costs, expenses and write-downs:



Production costs applicable to sales in the year ended December 31, 2005 increased by $22.6 million, or 27%, from the year ended December 31, 2004 to $104.9 million. The increase for the year is primarily the result of higher diesel, utility and operating materials and supply costs at the Company's mining operations and the Company's operating costs associated with the Company's newly acquired interests in the Endeavor and Broken Hill mines.

Depreciation and amortization increased in the year ended December 31, 2005 by $2.1 million, or 11%, over the prior year, primarily due to the increased depletion associated with the Company's newly acquired interests in the Endeavor and Broken Hill mines.

Administrative and general expenses increased $3.5 million in the year ended December 31, 2005 compared to 2004 due primarily to higher outside audit services of $1.4 million related to financial reporting compliance activities, higher compensation costs of $0.7 million and $1.4 million in increased other general administration expenses.

Exploration expenses increased $2.3 million in the year ended December 31, 2005 compared to 2004, due to increased exploration activities at the Kensington, Cerro Bayo and Martha mines.

Pre-development expense decreased $5.4 million to $6.1 million due to the classification of the San Bartolome and Kensington projects as development-stage properties in the fourth quarter of 2004 and the third quarter of 2005, respectively.

Write-downs of mining properties and other expenses amounted to $1.4 million in 2005 compared to $2.0 million in 2004. The decrease is primarily due to reduced holding costs on inactive properties.

During the first quarter of 2005, the Company recorded a litigation settlement of $1.6 million related to the Company's settlement of the suit by Credit Suisse First Boston on April 6, 2005. See Note Q - Litigation.

Other Income and Expenses

Interest and other income in the year ended December 31, 2005 increased by $5.2 million compared with the year ended December 31, 2004 due to higher interest rates earned on the Company's cash, cash equivalents and short-term investments. Interest expense decreased $0.3 million in the year ended December 31, 2005 compared to 2004, due to the fact that the Company began capitalizing a portion of its interest expense associated with the capitalization of development expenditures at the Kensington and San Bartolome development projects. Capitalized interest was $0.2 million in 2005 compared to $0.1 million in 2004.

Expenses of $15.7 million were incurred in 2004 in connection with the Company's tender offer for outstanding shares of Wheaton River Minerals Ltd. That offer expired on September 30, 2004, with Coeur not purchasing any Wheaton shares tendered due to unsatisfied conditions of the offer. No such expenses were incurred in 2005.

Income Taxes

For the year ended December 31, 2005, the Company recorded an income tax provision of approximately $1.5 million. The tax provision is comprised of $4.2 million deferred tax provision, reduced by a $1.7 million deferred tax benefit primarily arising from a release of valuation allowance due to increased proven and probable reserves and revised projected future taxable income at the Cerro Bayo mine, a $0.8 million deferred tax benefit primarily from the release of valuation allowance associated with net operating losses and other deductible temporary differences in Argentina, and a current benefit of approximately $0.2 million primarily from the carryback of alternative minimum tax net operating losses which had previously been provided for. As of December 31, 2005, the net foreign deferred tax asset is approximately $2.8 million ($2.1 million current and $0.7 million non-current).

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

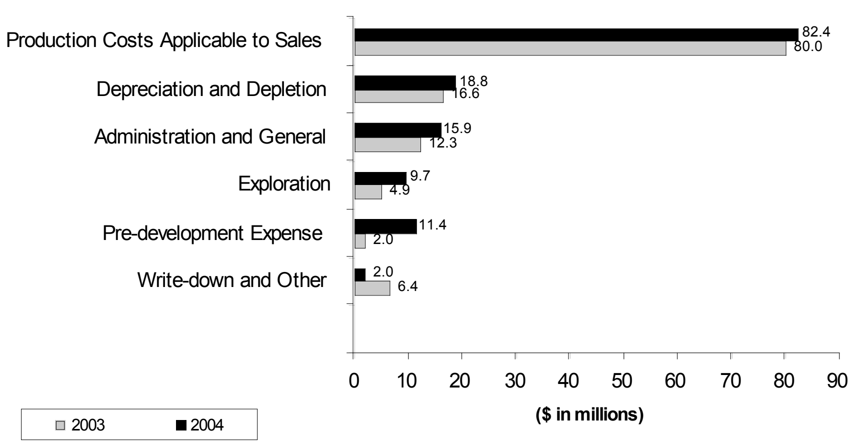
Revenues

Sales of concentrates and dorè in the year ended December 31, 2004 increased by $22.1 million, or 20%, over the year ended December 31, 2003 to $132.8 million. The increase in sales was attributable to increased metal prices received in 2004 compared with 2003. In 2004, the Company sold 13.4 million ounces of silver and 117,257 ounces of gold, compared to sales of 15.0 million ounces of silver and 128,899 ounces of gold in 2003. In the year ended December 31, 2004, the Company realized average silver and gold prices of $6.82 and $409, respectively, compared with realized average prices of $4.89 and $345, respectively, in the prior year.

In the year ended December 31, 2004, the Company produced a total of 14.1 million ounces of silver and 129,686 ounces of gold compared to 14.2 million ounces of silver and 120,361 ounces of gold in 2003.

Costs, Expenses and Write-downs

The following table sets forth year 2004 versus year 2003 costs, expenses and write-downs:



Production costs applicable to sales in the year ended December 31, 2004 increased by $2.3 million, or 3%, over the year ended December 31, 2003 to $82.4 million. The increase for the year is primarily due to increased costs at the Company's Galena and Cerro Bayo/Martha mines. At the Galena mine, the cash cost per ounce of silver production increased to $5.46 per ounce compared to $4.66 per ounce in 2003. The higher cost in 2004 is attributable to the mining of lower-grade ore and the conversion to higher-cost mining methods needed to accommodate ground conditions in certain mining areas during 2004. Also contributing to higher costs were increased mine repair in connection with the ongoing optimization plan designed to increase production in future years. At the Cerro Bayo and Martha mines, the cash cost per ounce of production increased to $1.01 and $4.08 per silver ounce in 2004, respectively, compared to $(0.04) and $1.96 per silver ounce in 2003, respectively. The increase in costs is primarily attributable to the mining of lower-grade ore in 2004 compared to 2003. All operations were impacted by increasing costs for consumables, particularly diesel and steel. The increases at Galena and Cerro Bayo/Martha were partially offset by lower costs at the Rochester mine. At Rochester, the cash cost per ounce of silver production declined to $3.93 in 2004 compared to $4.67 in 2003. The decrease is primarily attributable to the increased production of by-product gold in 2004 occurring as a result of the mining of higher-grade gold ores.

Depreciation and amortization increased in the year ended December 31, 2004 by $2.2 million, or 13%, over the prior year, primarily due to the placement of additional assets, particularly the new crusher facility at Rochester, in service during the year.

Administrative and general expenses increased $3.7 million in the year ended December 31, 2004 compared to 2003 due primarily to costs associated with the implementation of Sarbanes-Oxley Section 404 activities, the termination of certain benefit plans and increased stock exchange fees resulting from an increase of the number of common shares outstanding.

Exploration expenses increased $4.7 million in the year ended December 31, 2004 compared to 2003, due to increased exploration activity at the Cerro Bayo and Mina Martha mines and increased activity to identify additional business opportunities.

Pre-development expense increased $9.5 million as a result of an increased level of activity at the San Bartolome and Kensington mines during 2004. In the fourth quarter of 2004, we commenced construction activities at the San Bartolome project and as a result, $1.0 million of expenditures were capitalized.

Write-downs of mining properties and other expenses amounted to $2.0 million in 2004 compared to $6.4 million in 2003. The decrease is primarily the result of classification of Kensington costs as pre-development in 2004 and reduced holding costs at the Galena mine stemming from its temporary shutdown in the third quarter of 2003.

Other Income and Expenses

Interest and other income in the year ended December 31, 2004 increased by $1.2 million compared with the year ended December 31, 2003. The increase is attributable to an increase in the level of cash, cash equivalents and short-term investments held during 2004 as compared to 2003. Interest expenses decreased $10.0 million in the year ended December 31, 2004 compared to 2003, as a result of the completion of the Company's restructuring program which was substantially completed in 2003.

Expenses of $15.7 million were incurred in 2004 in connection with the Company's tender offer for outstanding shares of Wheaton River Minerals Ltd. That offer expired on September 30, 2004, with Coeur not purchasing any Wheaton shares tendered due to unsatisfied conditions of the offer. No such expenses were incurred in 2003.

During 2003, the Company completed a debt restructuring program; therefore, no loss on exchange on early retirement of debt was incurred in 2004 compared to a $41.6 million loss in 2003. See "Debt Reduction Program" discussion below.

Income Taxes

The Company recorded an income tax benefit of $5.8 million or 25.5% of pre-tax loss for the year 2004. The tax benefit is comprised of a $4.4 million benefit for income taxes associated with the expected utilization of past net operating losses and $1.4 million reversal of a previous tax accrual.

Cumulative Effect of Change in Accounting Principle

Effective January 1, 2003, the Company was required by the FASB to recognize the full discounted estimated future reclamation liability and set up a corresponding asset to be amortized over the life of the mine on a units-of-production basis. The impact of this change was accounted for as a cumulative effect of a change in accounting principle as of January 1, 2003. Prior to 2003, the Company recognized a pro rata share of the future estimated reclamation liability on a units-of-production basis. See Note H to the Consolidated Financial Statements – Reclamation and Remediation costs.

Liquidity and Capital Resources

Working Capital; Cash and Cash Equivalents

The Company's working capital at December 31, 2005 was approximately $285.1 million compared to $349.6 million at December 31, 2004. The ratio of current assets to current liabilities was 9.4 to 1 at December 31, 2005 compared to 16.8 to 1 at December 31, 2004. The decrease in working capital is primarily the result of a decrease in cash and cash equivalents and short-term investments primarily related to activities as discussed below:

Net cash provided by operating activities in 2005 was $6.7 million compared with net cash used in operating activities of $18.6 million in 2004. The increase of $25.3 million is primarily attributable to the change in net income.

A total of $99.9 million was used in investing activities in 2005 compared to $43.8 million used in 2004. The increase of $56.1 million is due to an increase in capital expenditures related to the construction activities at the Kensington and San Bartolome projects and the acquisition of silver reserves and production from the Endeavor and Broken Hill mines.

The Company's financing activities provided $34.8 million of cash during 2005 compared to $273.0 million in 2004. The decrease is primarily due to the proceeds received from the issuance in 2004 of $113.1 million of common stock, net of issuance costs, and the issuance of 1 ¼% Convertible Senior Notes of $173.9 million, net of issuance costs, partially offset by the proceeds received of $35.9 million, net of issuance costs, from issuance of common stock in 2005.

The Company believes its cash, cash equivalents and short-term investments and cash from operations will be adequate to meet its obligations during the next twelve months. Nevertheless, if the Company decides to pursue additional mineral interests or acquisitions, additional equity issuances or financing may be necessary. There can be no assurances that such financing will be available when or if needed.

The Company estimates approximately $181.9 million will be spent during 2006 on capital expenditures at its operating mines and development-stage properties.

Capitalized Expenditures

During 2005, the Company expended $1.2 million at the Rochester mine, $4.8 million for continuing mine development at the Cerro Bayo and Mina Martha properties, $3.5 million at the Galena mine, $0.5 million for corporate and other activities, $10.5 million for the development of the San Bartolome project and $44.2 million for construction and development activities at Kensington. In addition, the Company paid $52.1 million for the acquired interests in Endeavor and Broken Hill. During 2006, the Company plans to expend approximately $0.5 million for investment activities at the Rochester mine, $3.3 million at the Galena mine, $6.1 million at Cerro Bayo, $2.4 million at Martha, $76.7 million at the Kensington development property, $65.9 million at the San Bartolome development property, $23.0 million for the remaining payment for the Endeavor acquisition and $4.0 million for corporate and other activities.

Debt Reduction Program

In 1998, the Company began a program of restructuring and reducing its outstanding indebtedness, which has resulted in a reduction of long-term debt from $246.5 million at December 31, 1998 to $180.0 million at December 31, 2004. In addition, the interest rate on the long-term debt has been reduced to 1 ¼%. A summary of the major components of the program for the years 2003 to 2005 is as follows:

2003 Issuance of 9% Senior Convertible Notes

On February 26, 2003, the Company completed a private placement of $37.2 million principal amount of 9% Notes. The net proceeds were approximately $33.8 million. The 9% Notes were senior in right of payment to the 6 3/8% and 7 1/4% Debentures. The 9% Notes were convertible into Coeur common stock, at any time prior to maturity at a conversion price of $1.60 per share, subject to adjustment. Interest was payable semi-annually on February 15 and August 15 of each year. The Company was entitled to elect to pay interest in cash or stock, in its sole discretion. The 9% Notes were redeemable at the option of the Company six months after issuance, subject to certain conditions, and at the option of the holders in the event of a change in control. Of the financial advisory fees paid by the Company in connection with the issuance of the 9% Notes, the Company elected to issue 0.6 million unregistered shares of common stock valued at $1.54 per share in lieu of cash. No underwriter was used with this transaction. The private placement was made to several accredited institutional investors. The private placement was exempt from registration under the Securities Act of 1933 by virtue of Regulation D thereunder.

On March 7, 2003, the Company called for the redemption of approximately $22.4 million principal amount of the outstanding 6 3/8% Debentures, which was funded by a portion of the proceeds received from the sale of the 9% Notes. The redeemed securities were retired on April 7, 2003.

Effective as of July 10, 2003, Coeur entered into a series of agreements under which indebtedness of the Company were exchanged for or converted into shares of the Company's common stock. The Company and each of the holders of the Company's 9% Notes entered into an Early Conversion Agreement. The amount of principal converted under the Early Conversion Agreements was $32.6 million, and the common shares issued, including payment of interest, was approximately 27.5 million. After giving effect to the exchanges, an aggregate of $4.6 million of 9% Notes remained outstanding. The Company recorded a loss on early retirement of debt of $4.2 million in the third quarter of 2003 in conjunction with these transactions.

2003 Redemptions

On November 25, 2003, the Company issued 3.1 million shares of common stock in a registered offering, the proceeds of which were used to redeem the remaining $4.6 million principal amount of the 9% Notes and recorded a loss on the early retirement of debt of $7.6 million. In addition, during the fourth quarter of 2003, the

Company redeemed the remaining $4.9 million principal amount of the 6 3/8% Convertible Subordinated Debentures due January 2004.

2003 Exchanges and Conversions

During 2003, holders of $12.7 million of our Series I 13 3/8% Convertible Senior Subordinated Notes due December 31, 2003 voluntarily converted such notes, in accordance with original terms, into approximately 9.6 million shares of common stock including payment for make whole provision for interest expense.

During 2003, we exchanged $27.9 million and $2.1 million principal amount of our outstanding 6 3/8% Debentures and our 7 1/4% Debentures, respectively, in exchange for 18.5 million shares of common stock and recorded a loss on exchange and early retirement of debt of approximately $29.7 million. The shares included 0.5 million shares of common stock issued as payment for interest expense as part of the transaction. In conjunction with the issuance of the 9% Convertible Senior Subordinated Notes due 2007, we also issued 0.6 million shares of common stock for partial payment of offering costs of $1.0 million.

2004 Redemption

On February 11, 2004, the Company announced the redemption of the remaining outstanding $9.6 million principal amount of the Company's 7 ¼% Convertible Subordinated Debentures due October 15, 2005. On March 11, 2004, the Company redeemed the remaining outstanding $9.6 million principal amount of the 7 ¼% Debentures.

2004 Issuance of 1.25% Convertible Senior Notes

On January 13, 2004 the Company completed its offering of $180 million aggregate principal amount of 1¼% Convertible Senior Notes due 2024 ("1¼% Notes"). The 1¼% Notes are convertible into shares of Coeur common stock at a conversion rate of approximately 131.5789 shares of Coeur common stock per $1,000 principal amount of Notes, representing a conversion price of $7.60 per share. Interest on the notes was payable in cash at the rate of 1¼% per annum beginning July 15, 2004. The Company intends to use the proceeds of the offering for general corporate purposes, which may include the development of its Kensington gold project and its San Bartolome silver project, or the acquisition of precious metals properties or businesses. Construction commenced at the San Bartolome and Kensington projects on October 1, 2004 and July 1, 2005, respectively. The Notes are general unsecured obligations, senior in right of payment to Coeur's other indebtedness. The offering was made through an underwriting led by Deutsche Bank Securities. Offering of the Notes was made only by means of a prospectus under Coeur's existing shelf registration statement, including the accompanying prospectus supplement relating to the Notes.

Issuances of Common Stock

During 2005, the Company completed a public offering of 9.9 million shares of common stock at a public offering price of $3.70 per share. The Company realized total net proceeds for the offering of $35.9 million after payment of the underwriters' discount.

During 2004, the Company completed a public offering of 26.6 million shares of common stock at a public offering price of $4.50 per share, which included 1.6 million shares purchased by the underwriter at the offering price to cover over allotment. The Company realized total net proceeds for the offering, after payment of the underwriters' discount, of $113.1 million.

On November 25, 2003, the Company issued 3.1 million shares of common stock in a registered offering, the proceeds of $13.5 million were used to redeem the remaining $4.6 million principal amount of the 9% Convertible Senior Subordinated Notes.

During the third quarter of 2003, the Company completed a public offering of 23.7 million shares of common stock at a public offering price of $3.40 per share, which included 3.1 million shares purchased by the underwriters at the offering price to cover over allotments. The Company realized total net proceeds from the offering, after payment of the underwriters' discount, of approximately $75.8 million.

On July 7, 2003, the Company sold 0.2 million shares of common stock to an institutional investor for an aggregate value of $0.3 million, or $1.40 per share. The shares were used to pay amounts owed by the Company's subsidiary, Empresa Minera Manquiri S.A., a Bolivian corporation, under contracts pursuant to which it obtained certain mineral rights in Bolivia and for general corporate purposes. The sale of shares was effected pursuant to the Company's shelf registration statement.

On May 23, 2003, the Company sold 8.1 million shares of common stock to an institutional investor for an aggregate of $10.0 million, or $1.23 per share. The Company also granted the investor an option, exercisable within 30 days, to purchase an additional 1.2 million shares of common stock at a price of $1.23 per share. The proceeds of the sale were used for general corporate purposes and working capital needs, including the repayment of Series I 13 3/8% Notes and 6 3/8% Debentures. On June 20, 2003, the Company sold 1.2 million shares of common stock to the institutional investor for an aggregate of $1.5 million, or $1.23 per share, in connection with the above-referenced option. The sales of shares were effected under the Company's shelf registration statement.

Contractual Obligations

The following table summarizes our contractual obligations at December 31, 2005 and the effect such obligations are expected to have on our liquidity and cash flow in future periods.

	Payments Due by Period				
Contractual Obligations	Total	Less Than 1 Year	1- 3 Years	3-5 Years	More Than 5 Years
Convertible debt [1]	$ 180,000	$ -	$ -	$ -	$180,000
Interest on convertible debt	40,500	2,250	4,500	4,500	29,250
Operating lease [2]	1,515	1,351	163	1	-
Capital lease [3]	2,105	1,189	916	-	-
Kensington Trust [4]	1,119	255	790	74	-
Hyak Mining Lease	9,930	231	462	3,462	5,775
TDA Grant [5]	546	546	-	-	-
Reclamation and mine closure [6]	49,173	1,144	4,339	9,395	34,295
Pension and health benefits [7]	5,042	240	594	815	3,393
Other long-term liabilities [8]	5,069	9	2,358	887	1,815
Total	$294,999	$7,215	$14,122	$19,134	$254,528

[1] The $180.0 million principal amount of 1 ¼% Debentures due 2024 outstanding at December 31, 2005 are convertible into shares of common stock at the option of the holder on January 15, 2011, 2014 and 2019 unless previously redeemed at a conversion rate of approximately 131.5789 shares of Coeur common stock per $1,000 principal amount of Notes, representing a conversion price of $7.60 per share, subject to adjustment in certain events.

The Company is required to make semi-annual interest payments. The Debentures are redeemable at the option of the Company before January 18, 2011, if the closing price of the Company's common stock over a specified number of trading days has exceeded 150% of the conversion price, and anytime thereafter. The Debentures have no other funding requirements until maturity on January 15, 2024.

[2] The Company has entered into various operating lease agreements which expire over a period of five years.

[3] The Company has entered into various capital lease agreements for commitments principally over the next year.

[4] Purchase obligation for the Kensington property in Alaska.

[5] The Company obtained a U.S. government grant to promote development in Bolivia. The amount received is to be reimbursed once a construction decision and financing are obtained.

[6] Reclamation and mine closure amounts represent the Company's estimate of the discounted cash flows of its legal obligation to reclaim and remediate mining properties. This amount will increase over the passage of time for accretion of the obligation and will decrease as reclamation and remediation work is completed. Amounts shown on table are undiscounted.

[7] Pension and health benefit amounts were determined by the actuary and are estimated based on the census information for the employee or retiree for each respective plan.

[8] The other long-term liabilities include amounts for severance, workers' compensation and other miscellaneous accruals.

Risk Factors; Forward-Looking Statements

For information relating to important risks and uncertainties that could materially adversely affect the Company's business, securities, financial condition or operating results, reference is made to the disclosure set forth under Item 1A above. In addition, because the following discussion includes numerous forward-looking statements relating to the Company, its results of operations and financial condition and business, reference is made to the information set forth above in Item 1 under the caption "Important Factors Relating to Forward-Looking Statements."

Environmental Compliance Expenditures

For the years ended December 31, 2005, 2004, and 2003, the Company expended $5.1 million, $4.4 million and $4.5 million, respectively, in connection with routine environmental compliance activities at its operating properties. Such activities include monitoring, bonding, earth moving, water treatment and re-vegetation activities.

The Company estimates that environmental compliance expenditures during 2006 will be approximately $3.7 million to obtain permit modifications and other regulatory authorizations. Future environmental expenditures will be determined by governmental regulations and the overall scope of the Company's operating and development activities. The Company places a very high priority on its compliance with environmental regulations.

Off-Balance Sheet Arrangements

The Company has no existing off-balance sheet arrangements as defined under accounting principles generally accepted in the United States.

Recent Accounting Pronouncements

In November 2004, FASB issued SFAS No. 151, "Inventory Costs," which amends the guidance in ARB No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). This Statement now requires that these items be recognized as current-period expenses regardless of whether they meet the criterion of "so abnormal" as previously stated in ARB No. 43, Chapter 5, "Intangible Assets". In addition, this Statement requires that the allocation of fixed production overheads to costs of conversion be based on the normal capacity of the production facility. SFAS No. 151 is effective for inventory costs incurred during fiscal years beginning after June 15, 2005.

The Company has performed a review of the provisions of the Statement and has determined that its current accounting practice is to recognize idle facilities as a current-period expense and, therefore, the adoption does not have a material impact on its financial statements.

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payments", which revised SFAS No. 123, "Accounting for Stock-Based Compensation" and superseded Accounting Principles Board ("APB") Opinion 25, "Accounting for Stock Issued to Employees" and its related implementation guidance. SFAS No. 123(R) requires measurement and recording in the financial statements of the costs of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award, recognized over the period during which an employee is required to provide services in exchange for such award. The Company will adopt the provisions of SFAS No. 123(R) on January 1, 2006, using the modified prospective method. Accordingly, compensation expense will be recognized for all newly granted awards and awards modified, repurchased, or cancelled after January 1, 2006. Compensation cost for the unvested portion of awards that are outstanding, as of January 1, 2006, will be recognized ratably over the remaining vesting period. The compensation cost for the unvested portion of awards will be based on the fair value at date of grant, adjusted for forfeitures, as utilized in the SFAS No. 123 pro forma disclosure above. The actual effect on net income and earnings per share in future periods will vary depending upon the number and fair value of options granted in future years compared to prior years. It is believed that adoption will impact the Company's statement of operations by $0.6 million in 2006 and will not impact the Company's cash flow.

In March 2005, the Financial Accounting Standards Board ("FASB") ratified Emerging Issues Task Force ("EITF") Issue No. 04-06, "Accounting for Stripping Costs Incurred during Production in the Mining Industry." EITF Issue No. 04-06 addresses the accounting for stripping costs incurred during the production phase of a mine and refers to these costs as variable production costs that should be included as a component of inventory to be recognized in costs applicable to sales in the same period as the revenue from the sale of inventory. As a result, capitalization of post-production stripping costs is appropriate only to the extent product inventory exists at the end of a reporting period. The guidance in EITF Issue No. 04-06 is effective for the first reporting period in fiscal years beginning after December 15, 2005, with early adoption permitted. The guidance requires application through recognition of a cumulative effect adjustment to opening retained earnings in the period of adoption, with no charge to current earnings for prior periods. The most significant expected impacts of adoption are the elimination of the deferred stripping costs and the recognition of future post-production stripping costs as a component of inventory to be recognized in production costs applicable to sales in the same period as the revenue from the sale of inventory, or in the case of inventory on hand at the end of a period, from writedowns where the carrying value of inventory on hand exceeds the net realizable value. The Company will adopt this new accounting rule as of January 1, 2006 and will record a charge of approximately $0.4 million to write off deferred stripping costs, as the cumulative effect of a change in accounting method. Adoption of the new guidance will have no impact on the Company's cash position.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

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

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

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

At December 31, 2005, the Company had outstanding provisionally priced sales of $53.6 million, consisting of 4.3 million ounces of silver, 40,000 ounces of gold and 0.5 million pounds of copper, which had a fair value of approximately $56.5 million including the embedded derivative. For each one cent per ounce change in realized silver price, revenue would vary (plus or minus) approximately $43,000; for each one dollar per ounce change in realized gold price, revenue would vary (plus or minus) approximately $40,000; and for each one cent per pound change in realized copper price, revenue would vary (plus or minus) approximately $5,200.

The Company operates in several foreign countries, specifically Bolivia, Chile, and Argentina, which exposes it to risks associated with fluctuations in the exchange rates of the currencies involved. As part of its program to manage foreign currency risk, the Company enters into, from time to time, foreign currency forward exchange contracts. These contracts enable the Company to purchase a fixed amount of foreign currencies. Gains and losses on foreign exchange contracts that are related to firm commitments are designated and effective as hedges and are deferred and recognized in the same period as the related transaction. All other contracts that do not qualify as hedges are marked to market and the resulting gains or losses are recorded in income. The Company continually evaluates the potential benefits of entering into these contracts to mitigate foreign currency risk and proceeds when it believes that the exchange rates are most beneficial. During 2005, the Company entered into forward foreign currency exchange contracts to reduce the foreign exchange risk associated with forecasted Chilean peso operating costs for 2006 at its Cerro Bayo mine. The contracts require the Company to exchange U.S. dollars for Chilean pesos at a weighted average exchange rate of 514 pesos to each U.S. dollar. At December 31, 2005, the Company had foreign exchange contracts to exchange $7.2 million, U.S. dollars. At December 31, 2005, the fair value of the foreign exchange contracts was a liability of $0.2 million.

All of the Company's long-term debt at December 31, 2005, is fixed-rate based. The fair value of the Company's long-term debt at December 31, 2005 was $146.7 million. The fair value was estimated based upon bond market closing prices near the balance sheet date.

Item 8. Financial Statements and Supplementary Data

The financial statements required hereunder and contained herein are listed under Item 15(a)(1) below.

Item 9. **Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

Not applicable.

Item 9A. **Controls and Procedures**

(a) Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by it in its periodic reports filed with the Securities and Exchange Commission is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Based on an evaluation of the Company's disclosure controls and procedures conducted by the Company's Chief Executive Officer and Chief Financial Officer, such officers concluded that the Company's disclosure controls and procedures were effective at a reasonable assurance level as of December 31, 2005.

(b) Management's Report on Internal Control Over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Securities and Exchange Act of 1934 defines internal control over financial reporting in Rule 13a-15(f) and 15d-15(f) as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2005. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*.

Based upon its assessment, management concluded that, as of December 31, 2005, the Company's internal control over financial reporting is effective based upon those criteria.

Management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2005 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report which appears herein.

(c) Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Not applicable.

Part III

Item 10. Directors and Executive Officers of the Registrant

Pursuant to General Instruction G(3) of Form 10-K, the information called for by this item regarding directors is hereby incorporated by reference from our definitive proxy statement or amendment hereto to be filed pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report. Information regarding our executive officers is set forth under Item 4A of this Form 10-K.

Item 11. Executive Compensation

Pursuant to General Instruction G(3) of Form 10-K, the information called for by this item is hereby incorporated by reference from our definitive proxy statement or amendment hereto to be filed pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Pursuant to General Instruction G(3) of Form 10-K, the information called for by this item is hereby incorporated by reference from our definitive proxy statement or amendment hereto to be filed pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report.

Item 13. Certain Relationships and Related Transactions

Pursuant to General Instruction G(3) of Form 10-K, the information called for by this item is hereby incorporated by reference from our definitive proxy statement or amendment hereto to be filed pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report.

Item 14. Principal Accountant Fees and Services

Pursuant to General Instruction G(3) of Form 10-K, the information called for by this item is hereby incorporated by reference from our definitive proxy statement or amendment hereto to be filed pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report.

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following financial statements are filed herewith:

(1) The following consolidated financial statements of Coeur d'Alene Mines Corporation and subsidiaries are included in Item 8:

Consolidated Balance Sheets – December 31, 2005 and 2004.

Consolidated Statements of Operations and Comprehensive Income (Loss) – Years Ended December 31, 2005, 2004 and 2003.

Consolidated Statements of Changes in Shareholders' Equity for the Years Ended December 31, 2005, 2004 and 2003.

Consolidated Statements of Cash Flows for the Years Ended December 31, 2005, 2004 and 2003.

Notes to Consolidated Financial Statements.

(b) Exhibits: The following listed documents are filed as Exhibits to this report:

3(a) - Articles of Incorporation of the Registrant and amendments thereto. (Incorporated herein by reference to Exhibit 3(a) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1988.)

3(b) - Bylaws of the Registrant and amendments thereto. (Incorporated herein by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K dated August 30, 2004.)

3(c) - Certificate of Designations, Powers and Preferences of the Series B Junior Preferred Stock of the Registrant, as filed with Idaho Secretary of State on May 13, 1999. (Filed herewith.)

3(d) - Restated and Amended Articles of Incorporation of the Registrant as filed with the Secretary of State of the State of Idaho effective September 13, 1999. (Incorporated herein by reference to Exhibit 3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999.)

3(e) - Amendment to Restated and Amended Articles of Incorporation of the Registrant (Incorporated herein by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002.)

4(a) - Specimen certificate of the Registrant's stock. (Incorporated herein by reference to Exhibit 4 to the Registrant's Registration Statement on Form S-2 (File No. 2-84174).)

4(b) - Indenture dated as of January 13, 2004, by and between the Registrant and the Bank of New York relating to the Registrant's 1 ¼% Convertible Senior Notes due 2024 (Incorporated herein by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K dated January 7, 2004).

10(a) - Agreement, dated January 1, 1994, between Coeur-Rochester, Inc. and Johnson Matthey Inc. (Incorporated herein by reference to Exhibit 10(m) of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993.)

10(b) - Master Equipment Lease No. 099-03566-01, dated as of December 28, 1988, between Idaho First National Bank and the Registrant. (Incorporated herein by reference to Exhibit 10(w) of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1988.)

10(c) - Master Equipment Lease No. 01893, dated as of December 28, 1988, between Cargill Leasing Corporation and the Registrant. (Incorporated herein by reference to Exhibit 10(x) of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1988.)

10(d) - Rights Agreement, dated as of May 11, 1999, between the Registrant and ChaseMellon Shareholder Services, L.L.C., as Rights Agent. (Incorporated herein by reference to Exhibit 1 to the Registrant's Form 8-A relating to the registration of the Rights on the New York and Pacific Stock Exchanges.)

10(e) - Amended and Restated Profit Sharing Retirement Plan of the Registrant. (Incorporated herein by reference to Exhibit 10(ff) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993.) *

10(f) - 1993 Annual Incentive Plan and Long-Term Performance Share Plan of the Registrant. (Incorporated herein by reference to Exhibit 10(jj) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993.)*

10(g) - Lease Agreement, dated January 12, 1994, between First Security Bank of Idaho and Coeur Rochester, Inc. (Incorporated herein by reference to Exhibit 10(mm) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993.)

10(h) - 401k Plan of the Registrant. (Incorporated by reference to Exhibit 10 (pp) to the Registrants Annual Report on Form 10-K for the year ended December 31, 1994.)*

10(i) - Mining Lease, effective as of June 1, 1997, between Silver Valley Resources and American Silver Mining Company. (Incorporated herein by reference to Exhibit 10(a) to the Registrant’s Registration Statement on Form S-3 (File No. 333-40513).)

10(j) - Mining Lease, effective as of April 23, 1996, between Silver Valley Resources Corporation and Sterling Mining Company. (Incorporated herein by reference to Exhibit 10(b) to the Registrant’s Registration Statement on Form S-3 (File No. 333-40513).)

10(k) - Mining Lease, effective as of March 21, 1997, between Silver Valley Resources Corporation and Silver Buckle Mines, Inc. (Incorporated herein by reference to Exhibit 10(c) to the Registrant’s Registration Statement on Form S-3 (File No. 333-40513).)

10(l) - Mining Lease, effective as of March 21, 1997, between Silver Valley Resources Corporation and Placer Creek Mining Company. (Incorporated herein by reference to Exhibit 10(d) to the Registrant’s Registration Statement on Form S-3 (File No. 333-40513).)

10(m) - Form of severance/change in control agreements entered into by the Registrant with each of its executive officers (James A. Sabala – January 13, 2003). (Incorporated by reference to Exhibit 10(hh) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2001).

10(n) - Employment Agreement, dated as of January 13, 2003, between the Registrant and James A. Sabala. (Incorporated by reference to Exhibit 10(jj) to Registrant's Annual Report on Form 10-K for the period ended December 31, 2002).

10(o) - 2003 Long-Term Incentive Plan of the Registrant. (Incorporated herein by reference to Appendix A to the Registrant's definitive Proxy Statement on Schedule 14A filed with the SEC on April 21, 2003.)

10(p) - Employment Agreement, dated as of September 20, 2004, between the Registrant and Tom T. Angelos. (Incorporated by reference to Exhibit 10(b) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004.)

10(q) - Employment Agreement, dated as of July 15, 2004, between the Registrant and Alan L. Wilder. (Incorporated by reference to Exhibit 10(c) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004.)

10(r) - Silver Sale and Purchase Agreement, dated April 7, 2005, between CDE Australia Pty. Limited and Cobar Operations Pty. Limited. (Portions of this exhibit have been omitted pursuant to a request for confidential treatment.) (Incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.)

10(s) - 2005 Non-Employee Directors' Equity Incentive Plan (Incorporated herein by reference to Appendix A to the Registrant's proxy statement dated April 5, 2005)

10(t) - Amended and restated employment agreement and change in control agreement, effective July 1, 2005, between the Registrant and Harry F. Cougher (Incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005).

10(u) - Amended and restated employment agreement and change in control agreement, effective July 1, 2005, between the Registrant and Mitchell J. Krebs (Incorporated herein by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005).

10(v) - Amended and restated employment agreement and change in control agreement, effective July 1, 2005, between the Registrant and Donald J. Birak (Incorporated herein by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005).

10(w) - Amended and restated employment agreement and change in control agreement, effective June 1, 2005, between the Registrant and Kelli C. Kast (Filed herewith).

10(x) - Amended and restated employment agreement and change in control agreement, effective July 1, 2005, between the Registrant and Gary W. Banbury (Filed herewith).

10(y) - Amended and restated employment agreement and change in control agreement, effective July 1, 2005, between the Registrant and James R. Arnold (Filed herewith).

10(z) - Employment Agreement, dated as of September 17, 2002, between the Registrant and Dennis E. Wheeler (Filed herewith).

10(aa) - Amended Mining Lease, effective as of August 5, 2005, between Hyak Mining Company, Inc. and Coeur Alaska, Inc. (Incorporated herein by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005).

10(bb) - Silver Sale Agreement, dated September 8, 2005, between the Registrant, Perilya Broken Hill Ltd and CDE Australia Pty. Ltd. (Portions of this exhibit have been omitted pursuant to a request for confidential treatment.) (Incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005).

10(cc) - Employment agreement and change in control agreement, effective October 15, 2005, between the Registrant and James K. Duff. (Incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005).

10(dd) - Form of Restricted Stock Agreement (Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated February 15, 2005).

10(ee) - Form of Incentive Stock Option Agreement (Incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K dated February 15, 2005).

10(ff) - Form of Non-Qualified Stock Option Agreement (Incorporated herein by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K dated February 15, 2005).

21 - List of subsidiaries of the Registrant. (Filed herewith.)

23 - Consent of KPMG LLP (Filed herewith.)

31.1 - Certification of the CEO (Filed herewith.)

31.2 - Certification of the CFO (Filed herewith.)

32.1 - CEO Section 1350 Certification (Filed herewith.)

32.2 - CFO Section 1350 Certification (Filed herewith.)

(c) Independent auditors' reports are included herein as follows:

Report of KPMG LLP as of December 31, 2004 and for the years ended December 31, 2005, 2004 and 2003.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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)

Date: March 13, 2006

By: /s/ Dennis E. Wheeler

Dennis E. Wheeler
(Chairman, President and Chief Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Dennis E. Wheeler Dennis E. Wheeler	Chairman, President, Chief Executive Officer and Director	March 13, 2006
/s/ James A. Sabala James A. Sabala	Executive Vice President and Chief Financial Officer	March 13, 2006
/s/ Harry F. Cougher Harry F. Cougher	Senior Vice President North American Operations	March 13, 2006
/s/ James K. Duff James K. Duff	President - South American Operations	March 13, 2006
/s/ Tom T. Angelos Tom T. Angelos	Controller and Chief Accounting Officer	March 13, 2006
/s/ Cecil D. Andrus Cecil D. Andrus	Director	March 13, 2006
/s/ James J. Curran James J. Curran	Director	March 13, 2006
/s/ Andrew D. Lundquist Andrew D. Lundquist	Director	March 13, 2006
/s/ Robert E. Mellor Robert E. Mellor	Director	March 13, 2006
/s/ John H. Robinson John H. Robinson	Director	March 13, 2006
/s/ J. Kenneth Thompson J. Kenneth Thompson	Director	March 13, 2006
/s/ Alex Vitale Alex Vitale	Director	March 13, 2006
/s/ Timothy R. Winterer Timothy R. Winterer	Director	March 13, 2006

ANNUAL REPORT ON FORM 10-K

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2005

COEUR D'ALENE MINES CORPORATION

COEUR D'ALENE, IDAHO

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Coeur d'Alene Mines Corporation:

We have audited the accompanying consolidated balance sheets of Coeur d'Alene Mines Corporation and subsidiaries as of December 31, 2005 and 2004, and the related consolidated statements of operations and comprehensive income (loss), shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2005. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Coeur d'Alene Mines Corporation and subsidiaries as of December 31, 2005 and 2004, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2005, in conformity with U.S. generally accepted accounting principles.

As discussed in Note B to the consolidated financial statements, the Company adopted Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations*, as of January 1, 2003.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Coeur d'Alene Mines Corporation's internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 10, 2006 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

KPMG LLP

Boise, Idaho
March 10, 2006

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Coeur d'Alene Mines Corporation:

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that Coeur d'Alene Mines Corporation maintained effective internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Coeur d'Alene Mines Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Coeur d'Alene Mines Corporation maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, Coeur d'Alene Mines Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Coeur d'Alene Mines Corporation and subsidiaries as of December 31, 2005 and 2004, and the related consolidated statements of operations and comprehensive income (loss), shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2005, and our report dated March 10, 2006 expressed an unqualified opinion on those consolidated financial statements.

KPMG LLP

Boise, Idaho
March 10, 2006

COEUR D'ALENE MINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2005	December 31, 2004
ASSETS	(In Thousands)	
CURRENT ASSETS		
Cash and cash equivalents	$214,626	$273,079
Short-term investments	25,726	48,993
Receivables	30,022	10,634
Ore on leach pad	25,394	15,046
Metal and other inventory	15,369	17,639
Deferred tax assets	2,255	2,592
Prepaid expenses and other	5,613	3,727
	319,005	371,710
PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment	108,964	85,070
Less accumulated depreciation	(59,770)	(54,154)
	49,194	30,916
MINING PROPERTIES		
Operational mining properties	131,577	121,344
Less accumulated depletion	(109,265)	(100,079)
	22,312	21,265
Mineral interests	72,201	20,125
Less accumulated depletion	(2,218)	-
	69,983	20,125
Non-producing and development properties	72,488	26,071
	164,783	67,461
OTHER ASSETS		
Ore on leach pad, non-current portion	29,254	28,740
Restricted cash and cash equivalents	16,943	10,847
Debt issuance costs, net	5,454	5,757
Deferred tax assets	923	1,811
Other	9,260	8,535
	61,834	55,690
TOTAL ASSETS	$594,816	$525,777

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

COEUR D'ALENE MINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2005	December 31, 2004
	(In thousands except share data)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 17,936	$ 8,389
Accrued liabilities and other	6,002	5,306
Accrued interest payable	1,031	1,035
Accrued salaries and wages	8,419	6,379
Current portion of remediation costs	503	1,041
	33,891	22,150
LONG-TERM LIABILITIES		
1 1/4% Convertible Senior Notes due January 2024	180,000	180,000
Reclamation and mine closure	30,988	23,670
Other long-term liabilities	8,384	6,503
	219,372	210,173
COMMITMENTS AND CONTINGENCIES (See Notes I, J, L, M, N, O, P and R)		
SHAREHOLDERS' EQUITY		
Common Stock, par value $1.00 per share; authorized 500,000,000 shares, issued 250,961,353 and 241,028,303 shares in 2005 and 2004 (1,059,211 shares held in treasury)	250,961	241,028
Additional paid-in capital	656,977	629,809
Accumulated deficit	(551,357)	(561,908)
Shares held in treasury	(13,190)	(13,190)
Accumulated other comprehensive loss	(1,838)	(2,285)
	341,553	293,454
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$594,816	$525,777

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

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

	Years Ended December 31,		
	2005	2004	2003
	(In Thousands, except per share data)		
REVENUES			
Sales of metal	$172,336	$132,807	$110,703
COSTS AND EXPENSES			
Production costs applicable to sales	104,930	82,352	80,042
Depreciation and depletion	20,885	18,800	16,627
Administrative and general	19,417	15,914	12,264
Exploration	11,914	9,651	4,947
Pre-development	6,057	11,449	1,967
Write-down of mining properties and other holding costs	1,379	1,983	6,393
Litigation settlement	1,600	-	-
Total cost and expenses	166,182	140,149	122,240
OTHER INCOME AND EXPENSE			
Interest and other income	8,365	3,205	2,019
Interest expense, net of capitalized interest	(2,485)	(2,831)	(12,851)
Merger expenses	-	(15,675)	-
Loss on exchange and early retirement of debt	-	-	(41,564)
Total other income and expense	5,880	(15,301)	(52,396)
INCOME (LOSS) FROM CONTINUING OPERATIONS	12,034	(22,643)	(63,933)
Income tax (provision) benefit	(1,483)	5,785	7
Income (loss) before cumulative effect of change in accounting principle	10,551	(16,858)	(63,926)
Cumulative effect of accounting change	-	-	(2,306)
NET INCOME (LOSS)	10,551	(16,858)	(66,232)
Other comprehensive income (loss)	447	(908)	(556)
COMPREHENSIVE INCOME (LOSS)	$ 10,998	$ (17,766)	$(66,788)
BASIC AND DILUTED INCOME (LOSS) PER SHARE			
Basic income (loss) per share:			
Income (loss) before cumulative effect of accounting change	$ 0.04	$ (0.08)	$ (0.38)
Cumulative effect of accounting change	-	-	(0.01)
Net income (loss)	$ 0.04	$ (0.08)	$ (0.39)
Diluted income (loss) per share:			
Income (loss) before cumulative effect of accounting change	$ 0.04	$ (0.08)	$ (0.38)
Cumulative effect of accounting change	-	-	(0.01)
Net income (loss)	$ 0.04	$ (0.08)	$ (0.39)
Weighted average number of shares of common stock			
Basic	242,915	215,969	168,186
Diluted	243,683	215,969	168,186

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

COEUR D'ALENE MINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For Years Ended December 31, 2005, 2004 and 2003
(In thousands except share data)

	Common Stock Shares	Common Stock $1 Par	Additional Paid-In Capital	Accumulated Deficit	Shares Held in Treasury	Accumulated Other Comprehensive Income (Loss)	Total
Balances at January 1, 2003	119,653	$119,653	$420,863	$(478,818)	$(13,190)	$(821)	$ 47,687
Net Loss	-	-	-	(66,232)	-	-	(66,232)
Unrealized losses on short-term investments and marketable securities	-	-	-	-	-	(306)	(306)
Change in fair value of derivative hedging instruments, net of settlement	-	-	-		-	140	140
Excess additional pension liability over unrecognized prior service cost	-	-	-	-	-	(390)	(390)
Conversions and exchanges of convertible senior subordinated notes to common stock	50,317	50,317	54,158	-	-	-	104,475
Interest on convertible senior subordinated notes paid in common stock	5,878	5,878	3,169	-	-	-	9,047
Issuance of common stock	36,230	36,230	64,580	-	-	-	100,810
Common stock issued under long-term incentive plans	1,290	1,290	(289)	-	-	-	1,001
Other	827	827	419	-	-	-	1,246
Balances at December 31, 2003	214,195	$214,195	$542,900	$(545,050)	$ (13,190)	$ (1,377)	$197,478
Net Loss	-	-	-	(16,858)	-	-	(16,858)
Unrealized losses on short-term investments and marketable securities	-	-	-	-	-	(347)	(347)
Change in fair value of derivative hedging instruments, net of settlements	-	-	-	-	-	(130)	(130)
Excess additional pension liability over unrecognized prior service cost	-	-	-	-	-	(431)	(431)
Issuance of common stock	26,625	26,625	86,475	-	-	-	113,100
Common stock issued under long-term incentive plans	208	208	432	-	-	-	640
Other	-	-	2	-	-		2
Balances at December 31, 2004	241,028	$241,028	$629,809	$(561,908)	$(13,190)	$ (2,285)	$293,454
Net Income	-	-	-	10,551	-	-	10,551
Unrealized gain on short-term investments and marketable securities	-	-	-	-	-	853	853
Change in fair value of derivative hedging instruments, net of settlements	-	-	-	-	-	(171)	(171)
Excess additional pension liability over unrecognized prior service cost	-	-	-	-	-	(237)	(237)
Issuance of common stock	9,863	9,863	26,351	-	-	-	36,214
Common stock issued under long-term incentive plans	70	70	817	-	-	-	887
Foreign currency translation	-	-	-	-	-	2	2
Balances at December 31, 2005	250,961	$ 250,961	$ 656,977	$ (551,357)	$(13,190)	$(1,838)	$341,553

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

COEUR D'ALENE MINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2005	2004 (In Thousands)	2003
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ 10,551	$(16,858)	$(66,232)
Add (deduct) non-cash items:			
Depreciation and depletion	20,885	18,800	16,627
Deferred taxes	1,629	(4,403)	-
Loss on early retirement of convertible subordinated debentures	-	-	41,564
Cumulative effect of accounting change	-	-	2,306
Interest expense on convertible senior subordinated notes paid in common stock	-	-	9,047
Unrealized (gain) loss on embedded derivative	(2,863)	881	(411)
Amortization of restricted stock compensation	1,237	1,137	911
Amortization of debt issuance costs	303	408	697
Amortization of premium and/or discount on short-term investments	790	1,527	760
Other non-cash charges	250	(18)	(59)
Changes in operating assets and liabilities:			
Receivables	(19,387)	(2,532)	(2,738)
Prepaid expenses and other	(152)	(486)	(3,844)
Inventories	(8,591)	(16,798)	(3,226)
Accounts payable and accrued liabilities	2,023	(239)	(528)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	6,675	(18,581)	(5,126)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of short-term investments	(45,657)	(63,619)	(99,782)
Proceeds from sales of short-term investments	62,296	29,864	86,168
Capital expenditures	(116,827)	(10,514)	(19,914)
Other	294	482	174
CASH USED IN INVESTING ACTIVITIES	(99,894)	(43,787)	(33,354)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of long-term debt	-	(9,561)	(39,717)
Proceeds from issuance of common stock	36,493	119,803	105,988
Payments of common stock issuance costs	(557)	(6,702)	(5,178)
Proceeds from issuance of notes	-	180,000	33,280
Payments of debt issuance costs	-	(6,089)	-
Borrowings from bank on working capital facility	-	6,056	30,785
Payments to bank on working capital facility	-	(8,422)	(33,226)
Other	(1,170)	(2,055)	(128)
CASH PROVIDED BY FINANCING ACTIVITIES:	34,766	273,030	91,804
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(58,453)	210,662	53,324
Cash and cash equivalents at beginning of period	273,079	62,417	9,093
Cash and cash equivalents at end of period	$214,626	$273,079	$ 62,417
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid for:			
Interest	$2,280	$1,572	$3,927

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

(Dollar amounts in thousands, unless otherwise specified)

NOTE A—BUSINESS OF COEUR D'ALENE MINES CORPORATION

Coeur d'Alene Mines Corporation and its subsidiaries (collectively, "Coeur" or the "Company") is principally engaged in silver and gold mining and related activities including exploration, development, and mining at its properties located in the United States (Nevada, Idaho and Alaska), South America (Chile, Argentina and Bolivia) and Australia (New South Wales).

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Revenue Recognition: Pursuant to guidance in Staff Accounting Bulletin ("SAB") No. 104, "Revenue Recognition for Financial Statements", revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable, no obligations remain and collectibility is probable. The passing of title to the customer is based on the terms of the sales contract. Product pricing is determined at the point revenue is recognized by reference to active and freely traded commodity markets, for example the London Bullion Market for both gold and silver, in an identical form to the product sold.

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

The effects of forward sales contracts are reflected in revenue at the date the related precious metals are delivered or the contracts expire. Third party smelting and refining costs of $9.5 million, $8.8 million and $8.5 million in 2005, 2004 and 2003, respectively, are recorded as a reduction of revenue.

At December 31, 2005, the Company had outstanding provisionally priced sales of $53.6 million, consisting of 4.3 million ounces of silver, 40,000 ounces of gold and 0.5 million pounds of copper. For each one cent per ounce change in realized silver price, revenue would vary (plus or minus) approximately $43,000; for each one dollar per ounce change in realized gold price, revenue would vary (plus or minus) approximately $40,000; and for each one cent per pound change in realized copper price, revenue would vary (plus or minus) approximately $5,200. At December 31, 2004, the Company had outstanding provisionally priced sales of $26.7 million consisting of 2.5 million ounces of silver, 18,755 ounces of gold and 1.0 million pounds of copper. For each one cent per ounce change in realized silver price, revenue would vary (plus or minus) approximately $25,000; for each one dollar per ounce change in realized gold price, revenue would vary (plus or minus) approximately $18,755; and for each one cent per pound change in realized copper price, revenue would vary (plus or minus) approximately $10,000.

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

<u>Short-term Investments:</u> Short-term investments principally consist of highly-liquid United States, foreign government and corporate securities with original maturities in excess of three months and less than one year. The Company classifies all short-term investments as available-for-sale securities. Unrealized gains and losses on these investments are recorded in accumulated other comprehensive loss as a separate component of shareholders' equity. Any decline in market value considered to be other than temporary is recognized in determining net income/loss. Realized gains and losses from the sale of these investments are included in determining net income/loss. The Company maintains a pledge of collateral agreement to reserve $1.0 million against the investment portfolio to cover credit exposure related to ACH transactions.

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

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

The Company reported ore on the leach pads of $54.6 million as of December 31, 2005. Of this amount, $25.4 million is reported as a current asset and $29.2 million is reported as a non-current asset. The distinction between current and non-current is based upon the expected length of time necessary for the leaching process to remove the metals from the broken ore. The historical cost of the metal that is expected to be extracted within twelve months is classified as current and the historical cost of metals contained within the broken ore that will be extracted beyond twelve months is classified as non-current. The ore on leach pad inventory is stated at actual production costs incurred to produce and place ore on the leach pad during the current period, adjusted for production issues encountered during the period.

The estimate of both the ultimate recovery expected over time and the quantity of metal that may be extracted relative to the time the leach process occurs requires the use of estimates which are inherently inaccurate since they rely upon laboratory testwork. Testwork consists of 60 day leach columns from which the Company projects metal recoveries up to five years in the future. The quantities of metal contained in the ore are based upon actual weights and assay analysis. The rate at which the leach process extracts gold and silver from the crushed ore is based upon laboratory column tests and actual experience occurring over approximately nineteen years of leach pad operations at the Rochester Mine. The assumptions used by the Company to measure metal content during each stage of the inventory conversion process includes estimated recovery rates based on laboratory testing and assaying. The Company periodically reviews its estimates compared to actual experience and revises its estimates when appropriate. The length of time necessary to achieve ultimate recoveries for silver and gold is currently estimated between 5 and 10 years. Commencing in 2003, the estimated recoveries for silver and gold were revised to 61.5% and 93%, respectively, from the 59% and 89% used in 2002. The impact of this change in recovery increased the estimated recoverable ounces of silver and gold contained in the heap by 1.8 million ounces and 41,000 ounces, respectively. However, the ultimate recovery will not be known until leaching operations cease which is currently estimated for 2011.

Metal and Other Inventory: Inventories include concentrate ore, dorè, ore in stockpiles and operating materials and supplies. The classification of inventory is determined by the stage at which the ore is in the production process. Inventories of ore in stock piles are sampled for gold and silver content and are valued based on the lower of actual costs incurred or estimated net realizable value based upon the period ending prices of gold and silver. Material that does not contain a minimum quantity of gold and silver to cover estimated processing expense to recover the contained gold and silver is not classified as inventory and is assigned no value. All inventories are stated at the lower of cost or market, with cost being determined using a weighted average cost method. Concentrate and dorè inventory includes product at the mine site and product held by refineries and are also valued at lower of cost or market value. Metal inventory costs include direct labor, materials, depreciation, depletion and amortization as well as administrative overhead costs relating to mining activities.

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

Operational Mining Properties and Mine Development: Costs incurred to develop new properties are capitalized as incurred, where it has been determined that the property can be economically developed. At the Company's surface mines, these costs include costs to further delineate the ore body and remove overburden to initially expose the ore body. At the Company's underground mines, these costs include the cost of building access ways, shaft sinking and access, lateral development, drift development, ramps and infrastructure development. All such costs are amortized using the units of production method over the estimated life of the ore body based on recoverable ounces to be mined from proven and probable reserves. Interest expense allocable to the cost of developing mining properties and to construct new facilities is capitalized until assets are ready for their intended use. Gains or losses from sales or retirements of assets are included in other income or expense. Costs incurred during the start-up phase of a mine are expensed as incurred. Ongoing mining expenditures on producing properties are charged against earnings as incurred. Major development expenditures incurred to increase production or extend the life of the mine are capitalized. Mineral exploration costs are expensed as incurred.

Mineral Interests: Significant payments related to the acquisition of the land and mineral rights are capitalized as incurred. Prior to acquiring such land or mineral rights, the Company generally makes a preliminary evaluation to determine that the property has significant potential to develop an economic ore body. The time between initial acquisition and full evaluation of a property's potential is variable and is determined by many factors including: location relative to existing infrastructure, the property's stage of development, geological controls and metal prices. If a mineable ore body is discovered, such costs are amortized when production begins using the units-of-production method based on recoverable ounces to be mined from proven and probable reserves. If no mineable ore body is discovered, such costs are expensed in the period in which it is determined the property has no future economic value.

Asset Impairment: The Company follows Statement of Financial Accounting Standard ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," to evaluate the recoverability of its assets. Management reviews and evaluates its long-lived assets for impairment when events and changes in circumstances indicate that the related carrying amounts of its assets may not be recoverable. Impairment is considered to exist if total estimated future cash flows or probability-weighted cash flows on an undiscounted basis, are less than the carrying amount of the assets, including property plant and equipment, mineral property, development property, and any deferred costs such as deferred stripping. An impairment loss is measured and recorded based on the difference between book value and discounted estimated future cash flows or the application of an expected present value technique to estimate fair value in the absence of a market price. Future cash flows include estimates of recoverable ounces, gold and silver prices (considering current and historical prices, price trends and related factors), production levels, capital and reclamation costs, all based on life-of-mine plans and projections. Assumptions underlying future cash flow estimates are subject to risks and uncertainties. If the assets are impaired, a calculation of fair value is performed and if the fair value is lower than the carrying value of the assets, the assets are reduced to their fair market value. Any differences between significant assumptions and market conditions and/or the Company's operating performance could have a material effect on the Company's determination of ore reserves, or its ability to recover the carrying amounts of its long-lived assets resulting in impairment charges. In estimating future cash flows, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of cash flows from other asset groups. Generally, in estimating future cash flows, all assets are grouped at a particular mine for which there is identifiable cash flow.

Restricted Cash and Cash Equivalents: The Company, under the terms of its lease, self insurance, and bonding agreements with certain banks, lending institutions and regulatory agencies, is required to collateralize certain portions of the Company's obligations. The Company has collateralized these obligations by assigning certificates of deposit that have maturity dates ranging from three months to a year, to the respective institutions or agency. At December 31, 2005 and December 31, 2004, the Company held certificates of deposit and cash under these agreements of $16.9 million and $10.8 million, respectively, restricted for this purpose. The ultimate timing for the release of the collateralized amounts is dependent on the timing and closure of each mine. In order to release the collateral, the Company must seek approval from certain government agencies responsible for monitoring the mine closure status. Collateral could also be released to the extent the Company was able to secure alternative financial assurance satisfactory to the regulatory agencies. The Company believes there is a reasonable probability that the collateral will remain in place beyond a twelve-month period and has therefore classified these investments as long-term.

Deferred Stripping Costs: Deferred stripping costs are unique to the mining industry and are determined based on the Company's estimates for the life of mine strip ratio for each mine. These costs are capitalized in periods when the life of mine ratio is below the current mining strip ratio, and amortized during periods where the life of mine strip ratio is above the current strip ratio. The Rochester mine is the only mine that has previously capitalized deferred stripping costs. The life of mine strip ratio that was used to accumulate the deferred stripping amounts was 1.8 to 1 (waste to ore) and was based on the estimated average stripping ratio for the life of the mine, compared to the then current ratio of 2.2 to 1 (waste to ore). The deferred stripping costs have been amortized as waste and ore have been removed from the Rochester mine pit. At December 31, 2005 and December 31, 2004 the carrying amount of the deferred stripping costs were $0.4 million and $0.8 million, respectively, and are included in other assets in the accompanying balance sheet. No additional deferred stripping costs were capitalized during the periods presented. The amounts that were amortized for the years ended December 31, 2005, 2004 and 2003 were $0.4 million, $0.4 million and $0.3 million, respectively.

In March 2005, the Financial Accounting Standards Board ("FASB") ratified Emerging Issues Task Force ("EITF") Issue No. 04-06, "Accounting for Stripping Costs Incurred during Production in the Mining Industry." EITF Issue No. 04-06 addresses the accounting for stripping costs incurred during the production phase of a mine and refers to these costs as variable production costs that should be included as a component of inventory to be recognized in costs applicable to sales in the same period as the revenue from the sale of inventory. As a result, capitalization of post-production stripping costs is appropriate only to the extent product inventory exists at the end of a reporting period. The guidance in EITF Issue No. 04-06 is effective for the first reporting period in fiscal years beginning after December 15, 2005, with early adoption permitted. The guidance requires application through recognition of a cumulative effect adjustment to opening retained earnings in the period of adoption, with no charge to current earnings for prior periods. The most significant expected impacts of adoption are the elimination of the deferred stripping costs and the recognition of future post-production stripping costs as a component of inventory to be recognized in production costs applicable to sales in the same period as the revenue from the sale of inventory, or in the case of inventory on hand at the end of a period, from writedowns where the carrying value of inventory on hand exceeds the net realizable value. The Company will adopt this new accounting rule as of January 1, 2006 and will record a charge of approximately $0.4 million to write off deferred stripping costs, as the cumulative effect of a change in accounting method. Adoption of the new guidance will have no impact on the Company's cash position.

Reclamation and Remediation Costs: Effective January 1, 2003, the Company adopted SFAS No. 143, "Accounting for Asset Retirement Obligations", which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The standard applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and normal use of the asset. Prior to the adoption of SFAS No. 143, reclamation costs were accrued on an undiscounted, units-of-production basis. SFAS No. 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The fair value of the liability is added to the carrying amount of the associated asset and this additional carrying amount is depreciated over the life of the asset. An accretion cost, representing the increase over time in the present value of the liability, is recorded each period. As reclamation work is performed or liabilities are otherwise settled, the recorded amount of the liability is reduced.

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

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

Derivative Financial Instruments: The Company accounts for derivative financial instruments in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," (as amended by SFAS No. 137) and SFAS No. 138, "Accounting for Certain Derivative Instruments and

Certain Hedging Activities.” These Statements require recognition of all derivatives as either assets or liabilities on the balance sheet and measurement of those instruments at fair value. Appropriate accounting for changes in the fair value of derivatives held is dependent on whether the derivative instrument qualifies as an accounting hedge and on the classification of the hedge transaction.

For derivative instruments that are designated and qualify as cash flow hedges, the effective portions of changes in fair value of the derivative are recorded in other comprehensive income (loss), and are recognized in the Statement of Consolidated Operations when the hedged item affects net income (loss) for the period. Ineffective portions of changes in the fair value of cash flow hedges are recognized currently in earnings. Refer to Note M – Derivative Financial Instruments and Fair Value of Financial Instruments.

Stock-based Compensation Plans: The Company currently applies the intrinsic-value method of accounting in accordance with Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations, in accounting for stock options. Under this method, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price. SFAS No. 123, "Accounting for Stock-Based Compensation" established accounting and disclosure requirements using a fair-value-based method of accounting for stock-based employee compensation plans. As allowed under SFAS No. 123, the Company has elected to continue to apply the intrinsic-value-based method of accounting described above, and has adopted only the disclosure requirements of SFAS No. 123.

In December 2004, the FASB issued SFAS No. 123(R), “Share-Based Payments”, which revised SFAS No. 123, “Accounting for Stock-Based Compensation” and superseded Accounting Principles Board (“APB”) Opinion 25, “Accounting for Stock Issued to Employees” and its related implementation guidance. SFAS No. 123(R) requires measurement and recording in the financial statements of the costs of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award, recognized over the period during which an employee is required to provide services in exchange for such award. The Company will adopt the provisions of SFAS No. 123(R) on January 1, 2006, using the modified prospective method. Accordingly, compensation expense will be recognized for all newly granted awards and awards modified, repurchased, or cancelled after January 1, 2006. Compensation cost for the unvested portion of awards that are outstanding, as of January 1, 2006, will be recognized ratably over the remaining vesting period. The compensation cost for the unvested portion of awards will be based on the fair value at date of grant adjusted for forfeitures as utilized in the SFAS No. 123 pro forma disclosure below. The actual effect on net income and earnings per share in future periods will vary depending upon the number and fair value of options granted in future years compared to prior years. Had compensation costs for the Company's options been recognized based on the fair value at the grant dates as prescribed by SFAS No. 123, the Company’s net income (loss) and net income (loss) per common share would have been the pro forma amounts indicated below:

	Years Ended December 31,		
	2005	2004	2003
Net income (loss) as reported	$ 10,551	$(16,858)	$(66,232)
Add: Stock based employee compensation expense included in reported net income (loss)	1,237	1,137	911
Deduct: Total stock based employee compensation expense determined under fair value method for all rewards	(2,316)	(2,017)	(482)
Pro forma net income (loss)	$ 9,472	$(17,738)	$(65,803)
Basic and diluted net income (loss) per share as reported	$0.04	$(0.08)	$(0.39)
Basic and diluted pro forma net income (loss) per share	$0.04	$(0.08)	$(0.39)

The fair value of each option grant was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 3.9% and 3.3% for 2005 and 2004, respectively; expected option life of 6 years for officers and directors; expected volatility of 69%

and 76% for 2005 and 2004, respectively, and no expected dividends. There were no stock option grants in 2003.

Income Taxes: The Company computes income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." SFAS No. 109 requires an asset and liability approach which results in the recognition of deferred tax liabilities and assets for the expected future tax consequences or benefits of temporary differences between the financial reporting basis and the tax basis of assets and liabilities, as well as operating loss and tax credit carryforwards, using enacted tax rates in effect in the years in which the differences are expected to reverse.

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

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

	2005	2004	2003
Unrealized gain (loss) on marketable securities	$ 853	$ (347)	$ (306)
Change in fair value of cash flow hedges, net of settlements	(169)	(130)	140
Excess additional pension liability over unrecognized prior service cost	(237)	(431)	(390)

Net Income (Loss) Per Share: The Company follows SFAS No. 128, "Earnings Per Share," which requires the presentation of basic and diluted earnings per share. Basic earnings per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during each period. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. The effect of potentially dilutive stock options and debentures outstanding in the years ending December 31, 2005, 2004 and 2003 are as follows:

(In thousands except for EPS)	For the Year Ended December 31, 2005			For the Year Ended December 31, 2004			For the Year Ended December 31, 2003		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount	Income (Numerator)	Shares (Denominator)	Per-Share Amount	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Net income (loss) available to common shareholders	$ 10,551			$ (16,858)			$ (66,232)		
Basic EPS									
Net income (loss) available to common stockholders	$ 10,551	242,915	$ 0.04	$ (16,858)	215,969	$ (0.08)	$ (66,232)	168,186	$ (0.39)
Effect of Dilutive Securities									
Stock Options	-	768		-	-		-	-	
Diluted EPS									
Net income (loss) available to common stockholders	$ 10,551	243,683	$ 0.04	$ (16,858)	215,969	$ (0.08)	$ (66,232)	168,186	$ (0.39)

The following potentially dilutive shares have been excluded from earnings per share calculation as their effect is antidilutive:

	December 31, 2005	December 31, 2004	December 31, 2003
Stock Options	-	1,796,908	1,650,054
7.25% Debentures			
Convertible at $17.45 per share	-	-	548,023
1.25% Notes			
Convertible at $7.06 per share	23,684,211	23,684,211	-
Total potentially dilutive shares	23,684,211	25,481,119	2,198,077

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

Use of Estimates: The preparation of the Company's consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in their consolidated financial statements and accompanying notes. The areas requiring the use of management's estimates and assumptions relate to recoverable ounces from proven and probable reserves that are the basis of future cash flow estimates and units-of-production depreciation and amortization calculations; useful lives utilized for depreciation, depletion, amortization and accretion of future cash flows for long lived assets; estimates of recoverable gold and silver ounces in ore on leach pad; reclamation and remediation costs; valuation allowance for deferred tax assets; and post-employment and other employee benefit liabilities.

Reclassifications: Certain reclassifications of prior year balances have been made to conform to the current year presentation.

Recent Accounting Pronouncements: In November 2004, FASB issued SFAS No. 151, "Inventory Costs," which amends the guidance in ARB No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). This Statement now requires that these items be recognized as current-period expenses regardless of whether they meet the criterion of "so abnormal" as previously stated in ARB No. 43, Chapter 5, "Intangible Assets". In addition, this Statement requires that the allocation of fixed production overhead to costs of conversion be based on the normal capacity of the production facility. SFAS No. 151 is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. The Company has performed a review of the provisions of the Statement and has determined that its current accounting practice is to recognize idle facilities as a current-period expense and, therefore, does not believe that adoption will have a material impact on its financial statements.

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payments", which revised SFAS No. 123, "Accounting for Stock-Based Compensation" and superseded Accounting Principles Board ("APB") Opinion 25, "Accounting for Stock Issued to Employees" and its related implementation guidance. SFAS No. 123(R) requires measurement and recording in the financial statements of the costs of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award, recognized over the period during which an employee is required to provide services in exchange for such award. The Company will adopt the provisions of SFAS No. 123(R) on January 1, 2006, using the modified prospective method. Accordingly, compensation expense will be recognized for all newly granted awards and awards modified, repurchased, or cancelled after January 1, 2006. Compensation cost for the unvested portion of awards that are outstanding, as of January 1, 2006, will be recognized ratably over the remaining vesting period. The compensation cost for the unvested portion of awards will be based on the fair value at date of grant, adjusted for forfeitures, as utilized in the SFAS No. 123 pro forma disclosure above. The actual effect on net income and earnings per share in future periods will vary depending upon the number and fair value of options granted in future years compared to prior years. It is believed that adoption will impact the Company's statement of operations by $0.6 million in 2006 and will not impact the Company's cash flow.

In March 2005, the Financial Accounting Standards Board ("FASB") ratified Emerging Issues Task Force ("EITF") Issue No. 04-06, "Accounting for Stripping Costs Incurred during Production in the Mining Industry." EITF Issue No. 04-06 addresses the accounting for stripping costs incurred during the production phase of a mine and refers to these costs as variable production costs that should be included as a component of inventory to be recognized in production costs applicable to sales in the same period as the revenue from the sale of inventory. As a result, capitalization of post-production stripping costs is appropriate only to the extent product inventory exists at the end of a reporting period. The guidance in EITF Issue No. 04-06 is effective for the first reporting period in fiscal years beginning after December 15, 2005, with early adoption permitted. The guidance requires application through recognition of a cumulative effect adjustment in the period of adoption, with no charge to current earnings for prior periods. The most significant expected impacts of adoption are the elimination of the deferred stripping costs and the recognition of future post-production stripping costs as a component of inventory to be recognized in production costs applicable to sales in the same period as the revenue from the sale of inventory, or in the case of inventory on hand at the end of a period, from writedowns where the carrying value of inventory on hand exceeds the net realizable value. The Company will adopt this new accounting rule as of January 1, 2006 and will record a charge of approximately $0.4 million to write off deferred stripping costs, as the cumulative effect of a change in accounting method. Adoption of the new guidance will have no impact on the Company's cash position.

NOTE C—SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES

The Company classifies its investment securities as available-for-sale securities. Pursuant to SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities", such securities are measured at fair market value in the financial statements with unrealized gains or losses recorded in other comprehensive income (loss). At the time securities are sold or otherwise disposed of, gains or losses are included in net income (loss). The following is a summary of available-for-sale securities:

	Available-For-Sale Securities			
	Cost	Gross Unrealized Losses	Gross Unrealized Gains	Estimated Fair Value
As of December 31, 2005				
U.S. Corporate	$ 23,893	$ 51	$ -	$ 23,842
U.S. Government	1,891	7	-	1,884
Total debt securities	25,784	58	-	25,726
Equity securities	19	4	615	630
	$ 25,803	$ 62	$ 615	$ 26,356
As of December 31, 2004				
U.S. Corporate	$ 18,964	$ 107	$ 1	$ 18,858
U.S. Government	29,062	205	-	28,857
State/Municipal	1,285	7	-	1,278
Total debt securities	49,311	319	1	48,993
Equity securities	20	3	17	34
	$ 49,331	$ 322	$ 18	$ 49,027
As of December 31, 2003				
U.S. Corporate	$ 3,906	$ 2	$ 21	$ 3,925
U.S. Government	10,503	4	20	10,519
State/Municipal	4,827	6	-	4,821
Total debt securities	19,236	12	41	19,265
Equity securities	18	2	3	19
	$ 19,254	$ 14	$ 44	$ 19,284

The gross realized gains on sales of available-for-sale securities was $0.1 million in 2003. The gross realized losses totaled $0.1 million during 2003. The gross realized gains and losses are based on a carrying value (cost net of discount or premium) of $1.3 million of short-term investments sold or adjusted for other than temporary decline in market value during 2003. Short-term investments mature at various dates through September 2006.

NOTE D—METAL AND OTHER INVENTORIES

Inventories consist of the following:

	December 31, 2005	December 31, 2004
Concentrate and dorè inventory	$8,984	$11,876
Supplies	6,385	5,763
Metal and other inventory	$15,369	$17,639

NOTE E—PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following:

	December 31, 2005	December 31, 2004
Land	$ 1,423	$ 1,379
Building improvements	41,590	38,308
Machinery and equipment	63,606	45,113
Capitalized leases for machinery and equipment	2,345	270
	108,964	85,070
Accumulated depreciation	(59,770)	(54,154)
	$49,194	$30,916

The Company's capital expenditures were as follows:

	2005	2004	2003
Rochester	$ 1,197	$ 3,548	$ 12,128
Silver Valley	3,537	2,151	2,362
Cerro Bayo	2,731	2,451	2,706
Martha	2,108	689	2,144
San Bartolome	10,477	950	250
Kensington	44,201	83	5
Endeavor	15,410	-	-
Broken Hill	36,667	-	-
Other	499	642	319
Net asset additions	$116,827	$ 10,514	$ 19,914

At December 31, 2005, approximately $9.6 million of capital expenditures remained in accounts payable and for purposes of the consolidated cash flows were treated as non-cash transactions.

Minimum future lease payments under both capital and operating leases at December 31, 2005 are as follows:

Year Ending December 31,	Capital Leases	Operating Leases
2006	$1,189	$1,351
2007	916	157
2008	-	6
2009	-	1
Thereafter	-	-
	2,105	$1,515
Less: Amount representing interest	106	
Present value of long-term portion	1,999	
Current maturities	1,105	
	$ 894	

The Company has entered into various operating lease agreements which expire over a period of three years. Total rent expense charged to net income (loss) under these agreements was $3.5 million, $4.2 million and $4.4 million for 2005, 2004, 2003, respectively.

NOTE F — MINING PROPERTIES

	December 31, 2005	December 31, 2004
Capitalized costs for mining properties, net of accumulated depletion consist of the following:		
Operational mining properties:		
Rochester Mine	$8,582	$12,728
Galena Mine	6,357	3,990
Cerro Bayo Mine	6,660	3,924
Martha Mine	713	623
Total operational mining properties	22,312	21,265
Mineral interests, net of accumulated depletion		
Endeavor Mine	14,998	-
Broken Hill Mine	34,860	-
San Bartolome (A)	20,125	20,125
Total mineral interests	69,983	20,125
Non-producing and developmental properties:		
Kensington (B)	62,517	24,979
San Bartolome (C)	9,829	950
Other	142	142
Total non-producing and developmental properties	72,488	26,071
Total mining properties	$164,783	$67,461

(A) Balance represents acquisition cost of mineral interest.

(B) During the third quarter of 2005, the Company commenced construction activities at its Kensington property. The costs incurred subsequent to commencing construction were capitalized as developmental properties.

(C) During the fourth quarter of 2004, the Company commenced construction activities at its San Bartolome property. The costs incurred subsequent to commencing construction were capitalized as developmental properties.

Operational Mining Properties

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.

Galena Mine: Coeur Silver Valley owns and operates the Galena underground silver-copper mine, located near the city of Wallace, in Northern Idaho. The mine utilizes the cut and fill mining method with sand backfill to extract ore from the high grade silver-copper vein deposits that constitute the majority of the ore reserves.

Cerro Bayo Mine: The Cerro Bayo Mine is a gold and silver underground mine located in southern Chile. Commercial production commenced on April 18, 2002.

Martha Mine: The Martha Mine is an underground silver mine located in Argentina, approximately 270 miles southeast of Coeur's Cerro Bayo mine. Coeur acquired a 100% interest in the

Martha mine in April 2002. In July 2002, Coeur commenced shipment of ore from the Martha mine to the Cerro Bayo facility for processing.

Mineral Interests

Endeavor Mine: On May 23, 2005, the Company acquired all of the silver production and reserves, up to a maximum of 17.7 million payable ounces, contained at the Endeavor Mine in Australia, which is owned and operated by Cobar Operations Pty. Limited ("Cobar"), a wholly-owned subsidiary of CBH Resources Ltd. ("CBH") for $38.4 million. The Endeavor Mine is located 720 km northwest of Sydney in New South Wales and has been in production since 1983. Under the terms of the agreement, CDE Australia, a wholly-owned subsidiary of Coeur, paid Cobar $15.4 million of cash at the closing. In addition, CDE Australia will pay Cobar approximately $23.0 million upon a receipt of a report confirming that the reserves at the Endeavor mine are equal to or greater than the reported reserves for 2004. Payment is expected to be made in 2006. In addition to these upfront payments, Coeur pays Cobar an operating cost contribution of $1.00 for each ounce of payable silver plus a further increment when the silver price exceeds $5.23 per ounce. This further increment begins on the second anniversary of this agreement and is 50% of the amount by which the silver price exceeds $5.23 per ounce. A cost contribution of $0.25 per ounce is also payable by Coeur in respect of new ounces of proven and probable silver reserves as they are discovered.

Broken Hill Mine: On September 8, 2005, the Company acquired all of the silver production and reserves, up to a maximum of 17.2 million payable ounces, contained at the Broken Hill mine in Australia, which is owned and operated by Perilya Broken Hill Ltd. ("PBH") for $36.0 million. The Broken Hill Mine is located in New South Wales, Australia and is a zinc/lead/silver ore body. Pursuant to the Agreement, the transaction includes up to a maximum of approximately 24.5 million contained ounces (or 17.2 million payable ounces) of silver to be mined by PBH at Broken Hill on the Company's behalf. In addition, CDE Australia will pay PBH an operating cost contribution of approximately US$2.00 for each ounce of payable silver under the terms of the Agreement and PBH may earn up to US$6.0 million of additional consideration by meeting certain silver production thresholds over the next eight years.

Non-Producing and Development Properties

San Bartolome Project: On September 9, 1999, the Company acquired Empressa Minera Manquiri ("Manquiri"). Manquiri's principal asset is the San Bartolome project, a silver exploration and development property located near the city of Potosi, Bolivia. The San Bartolome project consists of silver-bearing gravel deposits which lend themselves to simple surface mining methods. The mineral rights for the San Bartolome project are held through long-term joint venture/lease agreements with several local independent mining co-operatives and the Bolivian State owned mining company, ("COMIBOL"). Production from San Bartolome is subject to a royalty of 4% payable to the co-operatives and COMIBOL. During 2004, the Company completed an updated feasibility study, obtained all required permits and commenced construction of the San Bartolome mine. Based upon the results of the updated feasibility study, the estimated capital cost of the project is approximately $135 million. During 2005, the Company capitalized $10.5 million in connection with construction activities at San Bartolome.

Kensington Project: Kensington is a gold property located near Juneau, Alaska, which has been permitted for development based on a feasibility study which was completed in early 1998. During 2004, the Company completed an updated feasibility study based on an alternate operating scenario focused on mining higher-grade areas, significantly reduced capital and operating costs while preserving the ability to expand production as market conditions warrant. During 2005, the Company capitalized $44.2 million in connection with construction activities at Kensington.

NOTE G— LONG-TERM DEBT

2003 Issuance of 9% Senior Convertible Notes

On February 26, 2003, the Company completed a private placement of $37.2 million principal amount of 9% Notes. The net proceeds were approximately $33.8 million. The 9% Notes were senior in right of payment to the Company's then outstanding 6 3/8% and 7 1/4% Debentures. The 9% Notes were convertible into Coeur common stock, at any time prior to maturity at a conversion price of $1.60 per share, subject to adjustment. Interest was payable semi-annually on February 15 and August 15 of each year. The Company was entitled to elect to pay interest in cash or stock, in its sole discretion. The 9% Notes were redeemable at the option of the Company six months after issuance, subject to certain conditions, and at the option of the holders in the event of a change in control. Of the financial advisory fees paid by the Company in connection with the issuance of the 9% Notes, the Company elected to issue 0.6 million unregistered shares of common stock valued at $1.54 per share in lieu of cash.

On March 7, 2003, the Company called for the redemption of approximately $22.4 million principal amount of the outstanding 6 3/8% Debentures, which was funded by a portion of the proceeds received from the sale of the 9% Notes. The debt was retired on April 7, 2003.

Effective as of July 10, 2003, Coeur d'Alene Mines Corporation entered into a series of agreements under which a portion of this indebtedness of the Company was exchanged for or converted into shares of the Company's common stock. The Company and each of the holders of the Company's 9% Notes entered into an Early Conversion Agreement. The amount of principal converted under the Early Conversion Agreements was $32.6 million, and the number of common shares issued, including shares issued for accrued interest, was approximately 27.5 million. The Company recorded a loss on early retirement of debt of $4.2 million in the third quarter of 2003 in conjunction with these transactions.

2003 Exchanges and Conversions

During 2003, holders of $12.7 million of the Company's 13 3/8% Convertible Senior Subordinated Notes due December 31, 2003 voluntarily converted such notes into approximately 9.6 million shares of common stock which included 0.2 million shares issued for accrued interest due.

During 2003, the Company exchanged $27.9 million and $2.1 million principal amount of its outstanding 6 3/8% Convertible Subordinated Debentures due 2004 and its 7 1/4% Convertible Subordinated Debentures due 2005, respectively, in exchange for 18.5 million shares of common stock and recorded a loss on exchange and early retirement of debt of approximately $29.7 million. The shares issued included 0.5 million shares of common stock issued as payment for accrued interest as part of the transaction. In conjunction with the issuance of the 9% Convertible Senior Subordinated Notes due 2007, the Company also issued 0.6 million shares of common stock for partial payment of offering costs of $1.0 million.

2003 Redemptions

On November 25, 2003, the Company issued 3.1 million shares of common stock in a registered offering, the proceeds of which were used to redeem the remaining $4.6 million principal amount of the 9% Convertible Senior Subordinated Notes and recorded a loss on the early retirement of debt of $7.6 million. In addition, during the fourth quarter of 2003, the Company redeemed the remaining $4.9 million principal amount of the 6 3/8% Convertible Subordinated Debentures due January 2004.

2004 Redemption

On February 11, 2004, the Company announced the redemption of the remaining outstanding $9.6 million principal amount of the Company's 7 ¼% Convertible Subordinated Debentures due October 15, 2005. The final redemption was completed on March 11, 2004.

Debt Issuance

2004 Issuance of 1 ¼% Convertible Senior Notes

On January 13, 2004, the Company completed its offering of $180 million aggregate principal amount of 1 ¼% Convertible Senior Notes due 2024. The Notes are convertible into shares of Coeur common stock at a conversion rate of approximately 131.5789 shares of Coeur common stock per $1,000 principal amount of Notes, representing a conversion price of $7.60 per share. Interest on the notes is payable in cash at the rate of 1¼% per annum commencing July 15, 2004. The notes are general unsecured obligations, senior in right of payment to the Company's other indebtedness.

Debt-for-Equity Conversions and Exchanges

The following table sets forth debt-for-equity conversions and exchanges in 2003 ($'s in millions):

	Common Shares	Principal Amount	Accrued Interest	Discount and Offering Costs	Loss on Early Retirement of Debt
2003					
Converted into common stock					
13.375% Notes Series I due 2003	9.4	$ 12.7	$ -	$ (0.3)	$ -
Accrued interest	0.2	-	0.3	-	-
Exchanged for common stock					
6.375% Debentures due 2004	16.6	27.9	-	(0.1)	(27.5)
Accrued interest	0.5	-	0.9	-	-
7.25% Debentures due 2005	1.4	2.1	-	-	(2.2)
9% Notes due 2007	23.0	32.6	-	(4.2)	(4.2)
Accrued interest	4.5	-	7.0	-	-
TOTAL	**55.6**	**$ 75.3**	**$ 8.2**	**$ (4.6)**	**$ (33.9)**

Redemptions of Debentures

The following table sets forth cash redemptions of debentures in 2004 and 2003 ($'s in millions):

	Principal Amount	Purchase Amount	Offering Cost	Loss on Early Retirement of Debt
2004:				
7.25% Debentures	$ 9.6	$ 9.6	$(.08)	-
2003:				
6 3/8% Debentures	$27.3	$27.3	-	-
9% Debentures	$4.6	$13.5	$(1.30)	$(7.6)

1 ¼% Debentures

The $180.0 million principal amount of 1 ¼% Debentures due 2024 outstanding at December 31, 2005 are convertible into shares of common stock at the option of the holder on January 15, 2011, 2014, and 2019, unless previously redeemed, at a conversion price of $7.60 per share, subject to adjustment in certain events.

The Company is required to make semi-annual interest payments. The Debentures are redeemable at the option of the Company before January 18, 2011, if the closing price of the Company's common stock over a specified number of trading days has exceeded 150% of the conversion price, and anytime thereafter. Before January 18, 2011, the redemption price is equal to 100% of the principal amount of the notes plus an amount equal to 8.75% of the principal amount of the notes, less the amount of any interest actually paid on the notes on or prior to the redemption date. The Debentures have no other funding requirements until maturity on January 15, 2024.

The fair value of the convertible debentures is determined by market transactions on or near December 31, 2005 and 2004, respectively. The fair values of debentures, as of December 31, 2005 and 2004, was $146.7 million and $166.8 million, respectively.

Total interest expense on debentures and notes for the year ended December 31, 2005, 2004, and 2003 was $2.3 million, of which $0.2 million was capitalized as a cost of certain properties under development in 2005, $2.9 million, of which $0.1 million was capitalized as a cost of certain properties under development in 2004, and $12.9 million, respectively.

Interest paid was $2.3 million in 2005, $1.6 million in 2004, and $13.0 million, of which $9.0 million was paid in common stock in 2003.

NOTE H— RECLAMATION AND REMEDIATION COSTS

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

Effective January 1, 2003, the Company adopted SFAS No. 143 "Accounting for Asset Retirement Obligations". Prior to 2003, the Company recognized a pro rata share of the future estimated reclamation liability on a units-of-production basis. After January 1, 2003, the Company was required to recognize the full discounted estimated future reclamation liability and set up a corresponding asset to be amortized over the life of the mine on a units-of-production basis. The impact of this change was accounted for as a change in accounting principle as of January 1, 2003, and the effects of this change are discussed below.

Upon adoption of FASB No. 143, the Company recognized the following:

1. A post closure reclamation liability of $20.7 million;
2. Increased the carrying value of its assets by approximately $11.4 million, offset by $7.6 million of depletion through January 1, 2003, and
3. Recorded a cumulative effect adjustment to decrease income by $2.3 million.

The Company measured the cumulative accretion and accumulated depletion for the period from the date the liability would have been recognized if FASB No. 143 were in effect when the Company incurred the liability to the date of the adoption of the Statement and has reported these as a cumulative effect of a change in accounting principle. For the initial measurement of these existing obligations, the Company used current information, assumptions, and interest rates. The initial implementation of FASB No. 143 also required the Company to reverse all previously recognized retirement obligations (reclamation accruals) as part of the cumulative effect adjustment.

The Asset Retirement Obligation is measured using the following factors: 1) Expected labor costs, 2) Allocated overhead and equipment charges, 3) Contractor markup, 4) Inflation adjustment, and 5) Market risk premium. The sum of all these costs is discounted, using the Company's initial credit adjusted risk-free interest rate of 7.5%, from the time we expect to pay the retirement obligation to the time we incur the obligation. The measurement objective is to determine the amount a third party would demand to assume the asset retirement obligation.

Upon initial recognition of a liability for an asset retirement obligation, the Company capitalized the asset retirement cost as an increase in the carrying amount of the related long-lived asset. The Company depletes this amount using the units-of-production method. The Company is not required to re-measure the obligation at fair value each period, but the Company is required to evaluate the cash flow estimates at the end of each reporting period to determine whether the estimates continue to be appropriate. Upward revisions in the amount of undiscounted cash flows are discounted using a current credit-adjusted risk-free rate. Downward revisions are discounted using the credit-adjusted risk-free rate that existed when the original liability was recorded.

At December 31, 2005 and 2004, $30.4 million and $23.6 million, respectively, were accrued for reclamation obligations related to currently producing and developmental mineral properties. In addition, the Company accrued $1.2 million and $1.1 million, respectively, for reclamation obligations associated with former mining activities. These amounts are also included in reclamation and mine closure liabilities.

In the fourth quarter of 2005, the Company reviewed its cash flow estimates for its asset retirement obligations. This resulted in a net increase to the asset retirement obligation of $6.4 million and a corresponding increase to the carrying amount of the asset to be retired. For the purpose of consolidated statement of cash flows, these amounts are non-cash transactions. The increase was due to additional reclamation required as a result of the expansion of the Company's Cerro Bayo mine and adjustments to future estimated costs at the Company's Rochester mine and Kensington project. The increase was discounted using the Company's current weighted average credit adjusted risk-free rate of 7.79%.

In the fourth quarter of 2004, the Company reviewed its cash flow estimates for its asset retirement obligations. This resulted in a net increase to the asset retirement obligation of $2.2 million and a corresponding increase to the carrying amount of the asset to be retired. For the purpose of consolidated statement of cash flows, these amounts are non-cash transactions. The increase was due to additional reclamation required as a result of the expansion of the Company's Cerro Bayo mine and adjustments to future estimated costs at the Company's Galena and Coeur mines. The increase was discounted using the Company's current weighted average credit adjusted risk-free rate of 7.19%.

The following is a description of the changes to the Company's asset retirement obligations for the years ended December 31, 2005 and 2004:

	Year Ended December 31, 2005	2004
	(in thousands)	
Asset retirement obligation - January 1	$ 23,436	$ 20,657
Accretion	1,751	1,549
Additions	6,397	2,173
Changes in estimates	(169)	(837)
Settlements	(986)	(106)
Asset retirement obligation – December 31	$ 30,429	$ 23,436

NOTE I— INCOME TAXES

Income (loss) before income taxes is as follows:

	Year Ended December 31, 2005	2004	2003
		(in thousands)	
United States	$ (9,771)	$ (21,103)	$ (72,036)
Foreign	21,805	(1,540)	8,103
Total	$ 12,034	$ (22,643)	$ (63,933)

The components of the consolidated income tax provision were as follows:

	Years Ended December 31 2005	2004 (in thousands)	2003
Current	$ 146	$ 1,382	$ 7
Deferred	(1,629)	4,403	-
Benefit (expense) for income tax	$(1,483)	$ 5,785	$ 7

A reconciliation of the Company's effective tax rate with the federal statutory tax rate for the periods indicated is as follows:

	Years Ended December 31 2005	2004	2003
Tax benefit (expense) on continuing operations	(35.0%)	35.0%	35.0%
State tax benefit (expense) from continuing operations	(3.0)	3.0	3.0
Excess percentage depletion and related deductions	35.4	16.3	-
Non-deductible loss on debt retirement	-	-	(28.6)
Change in valuation allowances	(59.4)	(35.4)	(21.6)
Effect of foreign earnings	39.4	6.0	4.5
US and foreign non-deductible expenses	5.3	2.7	8.8
Foreign currency exchange rates	6.9	-	-
Other net	1.9	2.0	(1.1)
	(12.3%)	25.6%	-

During 2005 and 2004, the Company evaluated its tax status in each of its domestic and foreign jurisdictions and as a result, has adjusted and reclassified certain amounts related to mineral properties, state taxes and net operating loss carryforwards, with an offsetting adjustment to the valuation allowances for the years ended December 31, 2004 and 2003 to conform to the presentation as of December 31, 2005. As of December 31, 2005 and 2004, the significant components of the Company's deferred tax assets and liabilities were as follows:

	Years Ended December 31, 2005	2004
Deferred tax liabilities:		
Property, plant and equipment , net	$ 7,665	$ 7,529
Australian investments	471	-
	8,136	7,529
Deferred tax assets:		
Mineral properties	66,664	63,172
Net operating loss carryforwards	88,130	85,765
Alternative minimum tax credit carryforwards	1,246	1,459
Other business credit carryforwards	404	-
Capital loss carryforwards	5,672	5,679
Other	3,173	2,714
	165,289	158,789
Valuation allowance	(154,379)	(146,857)
	10,910	11,932
Net deferred tax assets	$ 2,774	$ 4,403

The Company has reviewed its domestic and foreign deferred tax assets and, except for a $3.2 million deferred tax asset related to the Company's Cerro Bayo and Martha mines has not recognized the potential tax benefits arising therefrom because at this time management believes it is not more likely than not that the benefits will be realized in future years. The Company has evaluated the amount of taxable income and periods over which it must be earned to allow for realization of its deferred tax asset.

Based on this analysis, the Company determined that over the next two years pretax book income is expected to be generated in Chile and Argentina where the future tax rate is 17% and 35%, respectively. Offsetting the tax asset is $0.4 million deferred tax liability recorded by CDE Australia.

The Company increased the valuation allowance related to the deferred tax assets by approximately $7.5 million during 2005. Approximately $5.1 million and $3.2 million of the change in valuation allowance relates to United States net operating losses and expenditures related to mineral properties, respectively. The Company also increased the valuation allowance in Argentina, Chile and other foreign jurisdictions by approximately $1.0 million, $0.6 million and $0.6 million, respectively, primarily related to expenditures incurred in Argentina for non-operating mineral properties, foreign exchange rate differences in Chile and net operating losses and various items in other foreign jurisdictions. The Company has established a full valuation allowance against these U.S. and foreign deferred tax assets because there was not sufficient evidence to support their future realization. Further, the Company reduced the valuation allowance in Argentina by approximately $0.4 million and $0.9 million due primarily to use of net operating loss carry forwards and the future utilization of deductible temporary differences associated with the mineral interest at the Martha mine. Finally, the Company reduced the valuation allowance at Chile by approximately $1.7 million due primarily to the expected future utilization of net operating loss carryforwards which has previously been provided for.

During 2003, the Company, for U.S. tax purposes, was subject to a change of ownership which limits the availability of existing tax attributes, including net operating loss carryforwards to reduce future taxable income. The Company estimates that this change will not preclude the Company from utilizing tax attributes to reduce future taxable income or tax payments. Therefore, the Company has not reduced the tax attribute carryforwards by a valuation allowance as a result of this transaction.

As of December 31, 2005, the Company has the following tax attribute carryforwards:

	U.S.	Chile	New Zealand	Australia	Other	Total
Regular net operating losses	$125,734	$57,782	$91,931	$287	$300	$276,034
Alternative minimum tax net operating losses	3,515	-	-	-	-	3,515
Capital losses	14,927	-	-	-	-	14,927
Alternative minimum tax credits	1,246	-	-	-	-	1,246

The U.S. net operating losses expire in 2008 through 2025 while the foreign country net operating losses generally have an indefinite carryforward period. The Company's capital losses expire in 2006 and 2007; alternative minimum tax credits have an indefinite carryforward period.

NOTE J— SHAREHOLDERS EQUITY

On May 11, 1999, the Company's shareholders adopted a new shareholder rights plan (the "Plan"). The Plan entitles each holder of the Company's common stock to one right. Each right entitles the holder to purchase one one-hundredth of a share of newly authorized Series B Junior Preferred Stock at an exercise price of $100. The rights will not be distributed and become exercisable unless and until ten business days after a person acquires 20% of the outstanding common shares or commences an offer that would result in the ownership of 30% or more of the shares. Each right also carries the right to receive upon exercise that number of Coeur common shares which has a market value equal to two times the exercise price. Each preferred share issued is entitled to receive 100 times the dividend declared per share of common stock and 100 votes for each share of common stock and is entitled to 100 times the liquidation payment made per common share. The Board may elect to redeem the rights prior to their exercisability at a price of $0.01 per right. The new rights will expire on May 24, 2009, unless earlier redeemed or exchanged by the Company. Any preferred shares issued are not redeemable. At December 31, 2005 and 2004, there were a total of 249,902,142 and 239,969,092 rights outstanding, respectively, which was equal to the number of outstanding shares of common stock.

Stock Issues During 2005

During the third quarter of 2005, the Company completed a public offering of 9.9 million shares of common stock at a public offering price of $3.70 per share. The Company realized total net proceeds from the offering, after payment of the underwriters' discount, of approximately $35.9 million.

Stock Issues During 2004

During the fourth quarter of 2004, the Company completed a public offering of 26.6 million shares of common stock at a public offering price of $4.50 per share, which included 1.6 million shares purchased by the underwriters at the offering price to cover over allotments. The Company realized total net proceeds from the offering, after payment of the underwriters' discount, of approximately $113.1 million.

Stock Issues During 2003

On November 25, 2003, the Company issued 3.1 million shares of common stock in a registered offering at a public offering price of $4.35 per share. The Company used a portion of the $13.5 million proceeds to redeem the remaining $4.6 million principal amount of the 9% Convertible Senior Subordinated Notes and recorded a loss on the early retirement of debt of $7.6 million. Also, during the fourth quarter of 2003, the Company used a portion of the proceeds to redeem the remaining $4.9 million principal amount of the 6 3/8% Convertible Subordinated Debentures due January 2004.

During the third quarter of 2003, the Company completed a public offering of 23.7 million shares of common stock at a public offering price of $3.40 per share, which included 3.1 million shares purchased by the underwriters at the offering price to cover over allotments. The Company realized total net proceeds from the offering, after payment of the underwriters' discount, of approximately $75.8 million.

On July 7, 2003, the Company sold 0.2 million shares of common stock to an institutional investor for an aggregate of $0.3 million, or $1.40 per share. A portion of the net proceeds from the sale of shares were used to pay amounts owed by the Company's subsidiary, Empresa Minera Manquiri S.A., a Bolivian corporation, under contracts pursuant to which it obtained certain mineral rights in Bolivia.

On May 23, 2003, the Company sold 8.1 million shares of common stock to an institutional investor for an aggregate of $10.0 million, or $1.23 per share. The Company also granted the investor an option, exercisable within 30 days, to purchase an additional 1.2 million shares of common stock at a price of $1.23 per share. The proceeds of the sale were used for general corporate purposes and working capital needs, including the repayment of 13 3/8% Notes and 6 3/8% Debentures. On June 20, 2003, the Company sold 1.2 million shares of common stock to the institutional investor for an aggregate of $1.5 million, or $1.23 per share, in connection with the above-referenced option.

NOTE K— STOCK-BASED COMPENSATION PLANS

The Company has an Annual Incentive Plan, a Long-Term Incentive Plan (the “2003 Long-Term Incentive Plan”) and a Directors’ Plan (the “Directors’ Plan”). Total employee compensation expense charged to operations under these Plans was $3.9 million, $2.8 million and $3.1 million for 2005, 2004 and 2003, respectively.

Annual Incentive Plan

Under the Annual Incentive Plan, the Board of Directors may annually approve cash-based awards to the executive officers and key management employees based on certain Company and employee performance measures. Cash payments for 2005, 2004 and 2003 amounted to $2.7 million, $2.0 million and $1.8 million, respectively.

1989 Long-Term Incentive Plan

Under the 1989 Long-Term Incentive Plan, as amended by shareholders in 1995, the Company may grant non-qualified and incentive stock options that are exercisable at prices equal to the fair market value of the shares on the date of grant and vest cumulatively at an annual rate of one third during the three-year period following the date of grant. In addition to stock options, the Company's 1999 Long-Term Incentive Plan provides for grants of stock appreciation rights (SAR's), restricted stock, restricted stock units, performance shares, performance units, cash based awards, and stock based awards.

On March 11, 2003, the Board of Directors awarded to the management group a total of 1,240,000 restricted shares which initially were to vest at the end of a three-year period. At a meeting on February 5, 2004, the Board of Directors, based upon the Company's achievement of certain strategic goals during 2003, amended the vesting schedule such that these restricted shares were to vest to the extent of one-third of the award amount on each anniversary following the grant date of such shares. The number of shares authorized to be issued under this plan was 2.9 million shares. There were 1.0 million shares reserved for issuance under this plan at December 31, 2005 for stock options previously awarded. No further awards will be made under this plan.

2003 Long-Term Incentive Plan

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

In February 2005, the Board of Directors awarded a total of 297,974 restricted shares which will vest to the extent of one-third of the award on each anniversary following the grant date. During 2005, the Board of Directors awarded an additional 61,666 restricted shares which will vest on the remaining anniversary dates of the March 11, 2003 award. The number of shares authorized for grant under this plan was 6.8 million shares. There were 0.8 million remaining shares reserved for issuance under this plan at December 31, 2005.

Directors Plan

On June 3, 2005, the Company's shareholders approved the 2005 Non-Employee Directors' Equity Incentive Plan and authorized 500,000 shares of common stock for issuance under the plan. During 2005, 35,996 shares were issued in lieu of $0.1 million of Directors' fees.

Under the previous Directors' plan, options were granted only in lieu of annual directors' fees. Under this plan 1,200,000 shares of common stock were authorized for issuance. For the years ended December 31, 2004 and 2003, a total of 40,318, and 106,478 options, respectively, had been granted in lieu of directors' fees of $0.1 million in each year. At December 31, 2005, 494,597 shares are reserved for issuance under the plan for stock options previously awarded. No further grants will be made under this plan.

As of December 31, 2005 and 2004, options to purchase 2,218,629 shares and 1,796,908 shares of common stock, respectively, were outstanding under the Long-Term and the Directors' Plans described above. The options are exercisable at prices ranging from $0.74 to $19.94 per share. A summary of the Company's stock option activity and related information for the years ended December 31, 2005, 2004 and 2003 follows:

	Shares	Weighted Average Exercise Price	Weighted Average Fair value of Options Granted
Stock options outstanding at December 31, 2002	1,750,675	$ 2.05	
Granted	106,478	$ 2.08	$ 1.08
Exercised	(72,052)	$ 1.13	
Canceled/expired	(135,047)	$ 1.91	
Stock options outstanding at December 31, 2003	1,650,054	$ 2.11	
Granted	333,250	$ 6.95	$ 3.27
Exercised	(169,527)	$ 1.69	
Canceled/expired	(16,869)	$ 6.32	
Stock options outstanding at December 31, 2004	1,796,908	$ 3.01	
Granted	566,149	$ 3.92	$ 1.90
Exercised	(52,007)	$ 1.61	
Canceled/expired	(92,421)	$ 5.69	
Stock options outstanding at December 31, 2005	2,218,629	$ 3.16	

Options exercisable at December 31, 2005, 2004 and 2003 were 1,562,217, 1,509,021, and 1,616,532, respectively, with a weighted average exercise price of $2.53, $2.25 and $2.08, respectively.

The following table summarizes information for options currently outstanding at December 31, 2005:

	Options Outstanding			Options Exercisable	
Range of Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$0.74 to $1.22	473,574	5.78	$0.80	473,574	$0.80
$1.23 to $1.85	602,925	6.58	$1.65	602,925	$1.65
$1.86 to $2.63	111,502	6.90	$2.10	111,502	$2.10
$2.64 to $4.81	678,830	7.85	$3.86	177,220	$3.68
$4.82 to $8.94	322,988	7.72	$7.17	168,186	$7.23
$8.95 to $19.94	28,810	0.58	$16.35	28,810	$16.35
	2,218,629			1,562,217	

As of December 31, 2005, 6,022,993 shares were available for future grants under the above Plans and 23,684,211 shares of common stock were reserved for potential conversion of Convertible Subordinated Debentures.

NOTE L—DEFINED BENEFIT PENSION, POST-RETIREMENT MEDICAL BENEFIT, DEFINED CONTRIBUTION AND 401(k) PLANS

Defined Benefit Plan

In connection with the acquisition of Coeur Silver Valley acquired in 1999, the Company is required to maintain non-contributory defined benefit pension plans covering substantially all employees. Benefits for salaried plans are based on salary and years of service. Hourly plans are based on negotiated benefits and years of service. The Company's funding policy is to contribute annually the minimum amount prescribed, as specified by applicable regulations. Prior service costs and actuarial gains and losses are amortized over plan participants' expected future period of service using the straight-line method. The Company expects to contribute approximately $0.7 million to this plan during 2006.

Actuarial Present Value of Projected Benefit Obligation:

The actuarial present value of our projected benefit obligations has been determined using the following assumptions:

Factor	2005	2004	2003
Discount Rate for Benefit Obligations	5.75%	6.0%	6.0%
Expected Return on Plan Assets	6.0%	6.0%	7.0%
Rate of Compensation Increases	5.0%	5.0%	5.0%

Expected rate of return on plan assets:

The expected rate of return on plan assets for purposes of the actuarial valuation was assumed to be 6% as of both December 31, 2005 and 2004. The rate of return used is based on the plan's experience and asset mix of the portfolio, as well as taking into consideration the fact that no lump sum distributions are paid from the plan. The plan had an expected return on plan assets of $0.3 million and $0.2 million for 2005 and 2004, respectively. The actual return on plan assets was $0.2 million and $0.3 million for 2005 and 2004, respectively. The Company expects to contribute to the plan between $0.2 million and $0.4 million each year for the next five years. The discount rate was determined based on Moody's Aaa bond rating.

Plan assets and determination of fair value:

The fair value of plan assets is determined using the market value of the investments held by the plan at December 31 of each year as quoted by public equity and bond markets. The asset mix is in accordance with the plan's investment policy which allows for 60% equity investments, 35% fixed income investments and 5% cash and cash equivalents. The investment portfolio for the funded portion of the obligation is held in a trust. The Company's funding policy is to contribute amounts to the plan sufficient to meet the minimum funding requirements as set forth in the Employee Retirement Income Security Act of 1974 plus such additional tax deductible amounts as may be advisable under the circumstances. The Company has funded $0.7 million and $0.7 million in 2005 and 2004, respectively, toward the obligation. The Company expects to contribute approximate $0.7 million annually for each of the next five years. The plan assets are invested principally in commingled stock funds, mutual funds and securities issued by the United States government.

Pursuant to the plan's investment policy, the plan adopts more specific investment directives from time to time. The plan's current investment directives are 60% equity investments, 35% fixed income investments and 5% in cash and cash equivalents. Based on this current investment directive, the plan's actual portfolio at December 31, 2005 had 60% equity investments and 40% fixed income investments. Since the performance of each asset class of the portfolio within any measurement period will impact its relative weight in the portfolio, the actual percentage of each asset class in the portfolio may not match to the current directive.

The expected long-term rates of return for each asset class within the portfolio, and therefore the portfolio weighted average, is based on an estimate of the return for each of the securities within an asset class, which are currently benchmarked at 10.0% for equity investments, 3.0% for fixed income investments and 2% for cash and cash equivalents. For each type of investment within the Trust's portfolio structure, the Trustees evaluate both returns and the relationship between risk and return. The expectation is that each asset class will produce a superior risk-adjusted return over a market cycle.

The following table shows the expected long term rates of return associated with each asset class:

Asset Class	Actual Mix	Target Mix	Expected Long Term Rates of Return
Equity investments	60%	60%	10.00%
Fixed income investments	40%	35%	3.00%
Cash and cash equivalents	0%	5%	2.00%
Weighted average			7.15%

The Trustees evaluate the level of volatility within the total Trust and each of its component investments. The Trustees have set maximum volatility thresholds for each class of investment which consist of 16% for equity investments, 7.25% for fixed income investments and 1% for cash and cash equivalents, with the total portfolio volatility expected to not exceed 11%. The Trustees then compare how these specific investments perform against other indexed funds and other managed portfolios with similar objectives. The specific criteria used to measure the performance is as follows:

1) A targeted 7-11% average annualized return based on long-term historical market data;

2) Expected returns over a market cycle that exceed the total portfolio indexed benchmark;

3) Volatility that is not substantially greater than the portfolio indexed benchmark volatility of 11%; and

4) Risk adjusted returns that are comparable with indexed benchmarks.

The components of net periodic benefit costs are as follows:

	For the Year Ended December 31,		
	2005	2004	2003
Assumptions:			
Discount rate	5.75%	6.0%	7.0%
Components of net periodic benefit cost:			
Service cost	$ 309	$ 319	$269
Interest cost	464	412	335
Expected return on plan assets	(261)	(215)	(180)
Amortization of prior service cost	59	56	56
Recognized actuarial loss	339	327	232
Net periodic benefit cost	$ 910	$ 899	$ 712

The change in benefit obligation and plan assets and a reconciliation of funded status are as follows:

	At December 31, 2005	2004
Change in benefit obligation		
Projected benefit obligation at beginning of year	$ 7,494	$ 6,337
Service cost	309	319
Interest cost	464	412
Benefits paid	(217)	(195)
Actuarial loss	355	621
Projected benefit obligation at end of year	$ 8,405	$ 7,494
Accumulated benefit obligation	$ 6,606	$ 5,745
Change in plan assets		
Fair value of plan assets at beginning of year	$ 4,098	$ 3,318
Actual return on plan assets	205	255
Employer contributions	720	720
Benefits paid	(217)	(195)
Fair value of plan assets at end of year	$ 4,806	$ 4,098
Reconciliation of funded status		
Funded status	$(3,599)	$(3,396)
Unrecognized actuarial loss	3,803	3,731
Unrecognized prior service cost	369	428
Net asset reflected in the consolidated balance sheet	$ 573	$ 763
Weighted average assumptions		
Discount rate	5.75%	6.0%
Expected long-term rate of return on plan assets	6.0%	6.0%
Rate of compensation increase	5.0%	5.0%

Post Retirement Medical Benefits

In connection with the acquisition of Coeur Silver Valley in 1999, the Company reimburses Asarco, Inc. (prior owner) for certain healthcare benefits for retired employees and their dependents who retired before September 9, 1999. There are currently ten active hourly and salaried employees of Coeur Silver Valley and three inactive participants eligible under Asarco's post-retirement medical benefits plan. These post-retirement medical benefits are self-insured by the plan's prior owner. The actuarial present value of the post retirement benefit obligation is determined as of December 31 for each of the years presented.

Actuarial Present Value of Projected Benefit Obligation:

The discount rate was determined based on Moody's Aaa Bond Rating as reported on the last business day of the plan year plus 0.50%. The Company amortizes its unrecognized, unfunded accumulated post-retirement benefit obligation using a straight-line method over a 3.1-year period. The 3.1-year estimate is based on the average remaining service period of the active participants.

Expected long-term rate of return on plan assets

No assets are held in a trust for the post retirement health care plan; therefore, there is no expected long-term rate of return assumption. A "pay as you go" funding method is utilized for this plan.

The Company contributed $0.01 million, $0.2 million and $0.2 million to the plan as benefit payments for 2005, 2004 and 2003, respectively. The Company expects to contribute to the plan approximately $0.02 million each year for the next five years.

The following table sets forth the actuarial present value of postretirement medical benefit obligations and amounts recognized in the Company's financial statements:

	At December 31,	
	2005	2004
	(in thousands)	
Assumptions:		
Discount rate	5.75%	6.00%
Change in benefit obligation		
Net benefit obligation at beginning of year	$ 1,973	$ 1,995
Service cost	8	17
Interest cost	20	116
Prior service cost (credit)	(387)	-
Actuarial (gain) loss	(1,248)	18
Benefits paid	(10)	(173)
Net benefit obligation at end of year	$ 356	$ 1,973
Change in plan assets		
Assets at beginning of year	$ -	$ -
Benefits paid	(10)	(173)
Contributions	10	173
Assets at end of year	$ -	$ -
Reconciliation of funded status		
Funded status at end of year	$ (356)	$(1,973)
Unrecognized net actuarial (gain) loss	(815)	62
Unrecognized prior service cost (credit)	(262)	-
Net amount recognized at end of year (recorded as accrued benefit cost in the accompanying balance sheet)	$(1,433)	$(1,911)

The components of net periodic benefit costs are as follows:

	For the Year Ended December 31,		
	2005	2004	2003
		(in thousands)	
Assumptions:			
Discount rate	6.0%	6.0%	6.0%
Components of net periodic benefit cost:			
Service cost	$ 8	$ 17	$ 18
Interest cost	20	116	117
Amortization of prior service cost	(125)	-	-
Amortization of actuarial gain	(372)	-	-
Net periodic pension cost (benefit)	$ (469)	$ 133	$ 135

During 2005, an adjustment was required to reflect a decreased liability of $1.6 million related to a reduction in plan participation. This adjustment resulted in an actuarial gain. The amortization of the prior service cost of $0.4 million and the unrealized actuarial gain of $1.2 million is greater than 10% of the benefit obligation which requires the gain to be amortized over the average remaining service period of the active participants currently estimated to be approximately 3.1 years. The amortization of the unrealized gain is included as a component on net periodic benefit cost. The Company also amortizes the unrecognized actuarial gain over the same period.

A 1% change in assumed medical trend rates would have the following effects:

	(in thousands)			
	1% Increase		1% Decrease	
	2005	2004	2005	2004
Effect on total of service and interest cost components	$ 2	$ 8	$ (2)	$(7)
Effect on postretirement benefit obligation	$ 22	$106	$ (19)	$(91)

Postretirement benefits include medical benefits for retirees and their dependents.

In December 2003, The Medicare Prescription Drug, Improvement and Modernization Act of 2003 was enacted. Our accumulated postretirement benefit obligation and net periodic postretirement obligation do not reflect the effects that the requirements of this law since eligibility under this plan ends at age 65.

Defined Contribution Plan

The Company provides a noncontributory defined contribution retirement plan for all eligible U.S. employees. Total contributions charged to expense were $0.9 million, $0.9 million and $0.8 million for 2005, 2004 and 2003, respectively, which is based on a percentage of the salary of eligible employees.

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 is required to make matching cash contributions equal to 50% of the employees' contribution, up to a maximum of 3% of the employees' compensation. Contributions to the plan charged to operations were $0.5 million, $0.5 million and $0.4 million in 2005, 2004, and 2003, respectively.

NOTE M—DERIVATIVE FINANCIAL INSTRUMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Forward Foreign Exchange Contracts

During 2005, the Company entered into forward foreign currency exchange contracts to reduce the foreign exchange risk associated with forecasted Chilean peso operating costs for 2006 at its Cerro Bayo mine. The contracts require the Company to exchange U.S. dollars for Chilean pesos at a weighted average exchange rate of 514 pesos to each U.S. dollar. At December 31, 2005, 2004, and 2003, the Company had foreign exchange contracts of $7.2 million, nil and $1.3 million in U.S. dollars, respectively. For the years ended December 31, 2005, 2004 and 2003, the Company recorded a realized gain (loss) of approximately $0.1 million, nil, and $0.1 million, respectively, in connection with its foreign currency hedging program. As of December 31, 2005, the fair value of the foreign exchange contracts was a liability of $0.2 million. Change in gains (losses) accumulated in other comprehensive income (loss) for cash flow hedging contracts are as follows:

	December 31,		
	2005	2004	2003
	(in thousands)		
Beginning balance	$ -	$ 131	$ (10)
Reclassification to earnings	-	(131)	10
Change in fair value	(171)	-	131
Ending balance	$ (171)	$ -	$ 131

Commodity Derivatives

The Company has occasionally entered into forward metal sales contracts to manage the price risk on a portion of its cash flows against fluctuating gold prices. As of December 31, 2005, the Company had no outstanding forward sales contracts for either gold or silver. For metal delivery contracts, the realized price pursuant to the contract is recognized when physical gold or silver is delivered in satisfaction of the contract. For the years ended December 31, 2004 and 2003, the Company incurred realized hedging losses of $1.2 million and $1.7 million, respectively.

Concentrate Sales Contracts

The Company enters into concentrate sales contracts with third-party smelters. The contracts, in general, provide for a provisional payment based upon provisional assays and quoted metal prices and the provisionally priced sales contain an embedded derivative that is required to be separated from the host contract for accounting purposes. The host contract is the receivable from the sale of concentrates at the forward price at the time of sale. The embedded derivative, which is the final settlement price based on a future price, does not qualify for hedge accounting. These embedded derivatives are recorded as derivative assets (in Prepaid expenses and other), or derivative liabilities (in 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 December 31, 2005, the Company had outstanding provisionally priced sales of $53.6 million, consisting of 4.3 million ounces of silver, 40,000 ounces of gold and 0.5 million pounds of copper, which had a fair value of approximately $56.5 million, including the embedded derivative.

The credit risk exposure related to any potential hedging activities 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 counter parties. 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 N—COMMITMENTS AND CONTINGENCIES

Labor Union Contract

The Company maintains a labor agreement with the United Steel Workers of America at the Coeur Silver Valley Galena mine. The agreement is effective from March 26, 2003 to March 1, 2006, which was further extended to September 1, 2006. The Company also maintains a labor agreement with Syndicato De Trabayadores De Compania Minera Cerro Bayo Ltd. at its Cerro Bayo mine in Chile. The agreement is effective from December 22, 2005 to December 21, 2007. The Company is currently in negotiations with the workforce at the Martha mine and expects to enter into a labor agreement by the end of March 2006. As of December 31, 2005, the Company had approximately 25% of its worldwide labor forces covered by collective bargaining agreements.

Termination Benefits

In September 2005, the Company established a one-time termination benefit program at the Rochester mine as the mine approaches the end of its mine life. The employees will be required to render service until they are terminated to be eligible for benefits. Approximately 80% of the workforce is expected to be severed in early 2007, while the remaining 20% are expected to stay on for residual leaching and reclamation activities. As of December 31, 2005, the total amount expected to be incurred under this plan is approximately $3.2 million. The liability is recognized ratably over the minimum future service period. The amount accrued for the year ended December 31, 2005 was $0.5 million and was charged to production costs.

NOTE O—SIGNIFICANT CUSTOMERS

The Company markets its metals products and concentrates primarily to two bullion trading banks and three third party smelters. These customers then sell the metals to end users for the use in industry applications such as electronic circuitry, jewelry and silverware production and the manufacture and development of photographic film. Sales of metals to bullion trading banks amounted to approximately 40%, 48% and 41% of total metals sales in 2005, 2004 and 2003, respectively. Generally, the loss of a single bullion trading bank customer would not adversely affect the Company in view of the market liquidity for the product and availability of alternative trading banks.

The Company currently markets its silver and gold concentrates to third party smelters in Canada, Japan, Mexico and Australia. Sales of metals concentrates to third party smelters amounted to approximately 60%, 52% and 59% of metals sales in 2005, 2004, and 2003, respectively. The loss of any one smelter customer could have a material adverse effect on sales of metal in the event alternative smelters are unavailable.

NOTE P— SEGMENT INFORMATION

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

The operating segments are managed separately because each segment represents a distinct use of company resources which contribute to Company cash flows in its respective geographic area. The Company's reportable operating segments include the Rochester, Coeur Silver Valley (Galena), Cerro Bayo, Martha, San Bartolome, Kensington and CDE Australia (Endeavor and Broken Hill) mining properties. All operating segments are engaged in the discovery and/or mining of gold and silver and generate the majority of their revenues from the sale of these precious metal concentrates and/or refined precious metals. The Coeur Silver Valley, Cerro Bayo and Martha mines sell precious metal concentrates, typically under long-term contracts, to smelters located in Canada (Falconbridge Ltd. and Teck Cominco Metals Ltd.), Japan (Sumitomo Corporation and Dowa Mining Ltd.) and Mexico (Met-Mex Penoles). Refined gold and silver produced by the Rochester mine is principally sold on a spot basis to precious metals trading banks such as Standard Bank and Mitsui. Concentrates produced at CDE Australia (Endeavor and Broken Hill mines) are sold to Zinifex, an Australia smelter. The Company's exploration programs are included as other. 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 $107.9 million, $86.9 million and $68.8 million in 2005, 2004, and 2003, respectively. Revenues from gold sales were $64.4 million, $45.9 million and $41.9 million in 2005, 2004, and 2003, respectively.

Financial information relating to the Company's segments is as follows:

2005	Rochester Mine	Galena Mine	Cerro Bayo Mine	Martha Mine	Endeavor	Broken Hill	San Bartolome	Kensington	Other	Total
Total net sales and revenues	$ 69,636	$ 16,052	$ 59,624	$ 20,606	$ 1,986	$ 4,432	$ -	$ -	$ -	$172,336
Depreciation and depletion	$ 10,403	$ 1,996	$ 5,063	$ 860	$ 411	$ 1,807	$ -	$ 36	$ 309	$ 20,885
Interest income	-	-	154	-	-	-	-	-	9,035	9,189
Interest expense	-	-	(26)	-	-	-	-	-	(2,459)	(2,485)
Litigation settlement	-	-	-	-	-	-	-	-	(1,600)	(1,600)
Income tax (benefit) expense	-	-	2,154	(863)	-	-	-	-	192	1,483
Segment profit (loss)	24,818	(2,198)	21,850	7,232	1,708	3,615	(119)	(7,143)	(12,759)	37,004
Segment assets (A)	82,573	13,876	45,474	6,291	15,152	36,493	32,687	80,653	6,429	319,628
Capital expenditures	1,197	3,537	2,731	2,108	15,410	36,667	10,477	44,201	499	116,827

2004	Rochester Mine	Galena Mine	Cerro Bayo Mine	Martha Mine	Endeavor	Broken Hill	San Bartolome	Kensington	Other	Total
Total net sales and revenues	$ 64,006	$ 23,759	$ 35,267	$ 9,775	$ -	$ -	$ -	$ -	$ -	$132,807
Depreciation and depletion	$ 10,229	$ 1,967	$ 4,588	$ 1,669	$ -	$ -	$ 4	$ 52	$ 291	$ 18,800
Interest income	-	-	13	-	-	-	-	-	3,626	3,639
Interest expense	1	-	123	-	-	-	-	-	2,707	2,831
Loss on forward sales contracts	-	-	-	-	-	-	-	-	936	936
Income tax (benefit) expense	-	-	(4,403)	-	-	-	-	-	(1,382)	(5,785)
Merger expenses	-	-	-	-	-	-	-	-	15,675	15,675
Segment profit (loss)	26,784	3,145	8,835	416	-	-	(4,549)	(7,347)	(11,684)	15,600
Segment assets (A)	75,453	11,400	30,899	3,387	-	-	21,304	25,832	5,888	174,163
Capital expenditures	3,548	2,151	2,451	689	-	-	950	83	642	10,514

2003	Rochester Mine	Galena Mine	Cerro Bayo Mine	Martha Mine	Endeavor	Broken Hill	San Bartolome	Kensington	Other	Total
Total net sales and revenues	$ 44,974	$ 17,082	$ 40,024	$ 8,623	$ -	$ -	$ -	$ -	$ -	$110,703
Depreciation and depletion	$ 5,421	$ 1,520	$ 8,080	$ 1,320	$ -	$ -	$ 5	$ 55	$ 226	$ 16,627
Interest income	-	-	3	-	-	-	-	4	490	497
Interest expense	6	-	418	-	-	-	-	-	12,427	12,851
Loss on early retirement of debt	-	-	-	-	-	-	-	-	(41,564)	(41,564)
Income tax (benefit) expense	-	-	-	-	-	-	-	-	(7)	(7)
Segment profit (loss)	5,337	(620)	16,481	4,514	-	-	(1,966)	(2,650)	(13,987)	7,109
Segment assets (A)	67,421	11,087	26,453	3,111	-	-	20,232	25,785	5,406	159,495
Capital expenditures	12,128	2,362	2,706	2,144	-	-	250	5	319	19,914

Notes:

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

	2005	2004	2003
Income (loss)			
Total segment profit and loss	$ 37,004	$ 15,600	$ 7,109
Depreciation and amortization	(20,885)	(18,800)	(16,627)
Interest expense	(2,485)	(2,831)	(12,851)
Litigation settlement	(1,600)	-	-
Merger expenses	-	(15,675)	-
Loss on exchange and early retirement of debt	-	-	(41,564)
Other income	-	(937)	-
Income (loss) before income taxes	$ 12,034	$ (22,643)	$ (63,933)
Assets			
Total assets for reportable segments	$ 319,628	$ 174,163	$ 159,495
Cash and cash equivalents	214,626	273,079	62,417
Short-term investments	25,726	48,993	19,265
Other assets	34,836	29,542	18,290
Total consolidated assets	$ 594,816	$ 525,777	$ 259,467

Geographic Information

	Revenues	Long-Lived Assets [(a)]
2005:		
United States	$ 85,688	$ 109,710
Australia	6,418	49,860
Chile	59,624	19,407
Argentina	20,606	2,568
Bolivia	-	32,194
Other Foreign Countries	-	237
Total	$ 172,336	$ 213,976
2004:		
United States	$ 87,765	$ 60,747
Australia	-	-
Chile	35,267	15,332
Argentina	9,775	1,050
Bolivia	-	21,103
Other Foreign Countries	-	145
Total	$ 132,807	98,377
2003:		
United States	$ 62,056	$ 65,781
Australia	-	-
Chile	40,024	15,622
Argentina	8,623	1,994
Bolivia	-	20,159
Other Foreign Countries	-	142
Total	$ 110,703	$ 103,698

(a) Includes property, plant and equipment and mineral properties.

NOTE Q— LITIGATION

Federal Natural Resources Action

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

In May 2001, the Company and representatives of the U.S. Government, including the Environmental Protection Agency, the Department of Interior and the Department of Agriculture, reached an agreement to settle the lawsuit. The terms of settlement are set forth in a Consent Decree issued by the court. Pursuant to the terms of the Consent Decree, dated May 14, 2001, the Company has paid the U.S. Government a total of approximately $3.9 million, of which $3.3 million was paid in May 2001 and the remaining $0.6 million was paid in June 2001. In addition, the Company will (i) pay the United States 50% of any future recoveries from insurance companies for claims for defense and indemnification under general liability insurance policies in excess of $0.6 million, (ii) accomplish certain cleanup work on the Mineral Point property and Caladay property, and (iii) make a conveyance to the U.S. or the State of Idaho of certain real property to possibly be used as a waste repository. Finally, commencing five years after effectiveness of the settlement, the Company will be obligated to pay net smelter return royalties on all of its domestic and foreign operating properties, up to a cumulative of $3 million, amounting to a 2% net smelter royalty on silver production if the price of silver exceeds $6.50 per ounce, and a $5.00 per ounce net smelter royalty on gold production if the price of gold exceeds $325 per ounce. The royalty payment obligation commences on May 14, 2006 and expires after May 14, 2021.

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

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

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

In January 2003, the U.S. 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.

Suit By Credit Suisse First Boston

On December 2, 2003, suit was filed by Credit Suisse First Boston against the Company in the United States District Court for the Southern District of New York (Docket No. 03 Civ 9547). The plaintiff alleged that the Company breached a contract between the parties providing for services to be furnished by the plaintiff to the defendant. Plaintiff alleged that it was entitled to damages in the amount of $2.4 million attributed to the breach. On April 6, 2005, the Company agreed to settle the suit for $1.6 million which was accrued in the first quarter of 2005 and paid in the second quarter of 2005.

Argentina Regulatory Issues

In September 2004 the Provincial government in Argentina made a formal demand upon the Company's wholly owned subsidiary which operates the Martha Mine for royalty payment attributed to ore mined and shipped in excess of payments made before the demand. The government has taken the position that an insufficient royalty was being paid. The demand was in the approximate amount of $0.3 million. The Company paid the demand under protest and is contesting the amount through an administrative review procedure. The Provincial government may make further such demands attributed to additional ore shipped from the mine. The Company is not able to predict at this time what the position of the Provincial government will be nor the amount of exposure associated with further demands, if such demands are made.

Coeur learned on November 19, 2004 that its wholly owned subsidiary, Compania Minera Polimet S.A. ("Polimet"), the owner of the Martha mine, is being investigated by Argentine governmental agencies. Based on discussions between the Company's counsel and governmental authorities, the Company currently believes that the investigation relates to operations carried out by the predecessor owner of Polimet. In particular, the Company understands that the investigation may focus on shipments of ore from the Martha mine made by the predecessor owner of Polimet in 2001 and early 2002, and whether such shipments complied with applicable export control laws. The Company acquired the stock of Polimet in April 2002.

At this point, neither the Company, Polimet nor any officer or director has been served with any complaint or subpoena, given any official written notice or formally charged with any offense. Consequently, the Company cannot predict with certainty or specificity any allegations that may ultimately be brought against the Company, Polimet or their individual directors or officers, or what remedies may ultimately be sought or obtained against the Company. If the Company suffers any losses or damages related to operation of the Martha mine prior to the Company's ownership, the Company would expect to pursue indemnification against the previous owner of Polimet.

The Company believes it has fully complied with Argentine law since it acquired the Martha mine. If the Company or Polimet is formally charged or notified of a pending action, the Company plans to cooperate fully with the Argentine government authorities to resolve the matter.

In December 2005, the Company was notified that the prosecutor assigned to the investigation had recommended that the investigation be concluded with no action to be taken against the Company or Polimet. Based upon this information, the Company believes there will be no formal charges or notification of an action against the Company.

Federal District Court of Alaska Permit Challenge

On September 12, 2005 three environmental groups filed a lawsuit in Federal District Court in Alaska against the U.S. Corps of Engineers and the U.S. Forest Service seeking to invalidate permits issued to Coeur Alaska, Inc. for the Company's Kensington mine. The Plaintiffs claim the Clean Water

Act (CWA) Section 404 permit issued by the Corps of Engineers authorizing the deposition of mine tailings into Lower Slate Lake conflicts with the CWA and is thus illegal. They additionally claim the U.S. Forest Service's approval of the Amended Plan of Operations is arbitrary and capricious because it relies on the 404 permit issued by the Corps.

On September 29, 2005, Coeur Alaska, Inc. filed its Answer to Complaint and Motion to Intervene as a Defendant-Intervenor in the action. That motion is pending with the court. Once the Company has been granted Defendant-Intervenor status, it will join the agencies in their defense of the permits as issued. On October 12, 2005, the State of Alaska and Goldbelt, Inc, a local native corporation, additionally joined in filing their respective Motions to Intervene as Defendant-Intervenors as supporters of the Kensington project as permitted. On November 8, 2005, the U.S. Corps of Engineers filed a Motion for Voluntary Remand with the court to review the permit issued to the Company under the Clean Water Act (CWA) Section 404 and requested that the court stay the legal proceeding filed by SEACC and the other environmental groups pending the outcome of review.

On November 12, 2005, the Federal District Court in Alaska granted the remand of the permit to the US Army Corps of Engineers for further review. On November 22, 2005, the US Army Corps of Engineers advised the Company that it was suspending the Section 404 permit pursuant to the Court's remand to further review the permit. The Company has submitted a work plan which will define the activities at the project that are not impacted by the 404 permit or are allowable activities under the 404 permit that can continue during the suspension by the US Army Corps of Engineers. The Company is unable to predict impact of this suspension on the project at this time.

District Court of Alaska Wrongful Death Action

On July 11, 2005, an action was filed in the United States District Court for the District of Alaska at Juneau by Chelsea Walker Fink on behalf of Joseph Kollander, a minor child, and Thomas J. Kollander, Jr., plaintiffs, against defendants Echo Bay Exploration, Inc., Coeur d'Alene Mines Corporation and Coeur Alaska, Inc. alleging wrongful death and negligence relating to a mine accident occurring in 1990 at the Kensington mine. Coeur Alaska was engaged in a joint venture agreement with Echo Bay Exploration at the time of the incident at issue when Echo Bay was the operator of the facility. The insurer for the Company is defending the action under a reservation of rights. The complaint does not specify damages sought by the plaintiff; however, management believes this will not result in a material adverse financial impact to the Company, and believes that the matter is covered by insurance.

NOTE R – SUBSEQUENT EVENT

On January 31, 2006, the Company announced that it is reviewing strategic alternatives for its Coeur Silver Valley ("CSV") assets in Idaho. CSV includes the Galena silver mine and related properties. Strategic alternatives under consideration include a possible sale of the subsidiary. The Company expects to complete the review during the first quarter of 2006.

NOTE S— SUMMARY OF QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table sets forth a summary of the quarterly results of operations for the years ended December 31, 2005 and 2004:

	First Quarter (a)	Second Quarter	Six Months Ended June 30, 2005 (Restated)	Third Quarter	Nine Months Ended September 30, 2005 (Restated)	Fourth Quarter
	(In Thousands – Except Per Share Data)					
2005:						
Sales of metal as previously reported	$ 36,207	$ 37,200	$ 73,407	$ 42,047	$ 115,454	$ 54,793
Reclassification adjustment (b)	607	829	1,436	653	2,089	-
Sales of metal as adjusted	$ 36,814	$ 38,029	$ 74,843	$ 42,700	$ 117,543	$ 54,793
Net income (loss) as previously reported	$ (1,145)	$ (1,701)	$ (3,471)	$ 3,453	$ (18)	$ 9,944
Restatement adjustment (c)	-	-	625	-	625	-
Net income (loss) as restated	$ (1,145)	$ (1,701)	$ (2,846)	$ 3,453	$ 607	$ 9,944
Basic net income (loss) per share as previously reported and as restated	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.00)	$ 0.04
Diluted net income (loss) per share as previously reported and as restated	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.00)	$ 0.04

	First Quarter	Second Quarter	Third Quarter (d)	Fourth Quarter (d)(e)
2004:	(In Thousands – Except Per Share Data)			
Sales of metal as previously reported	$ 29,650	$ 26,381	$ 30,211	$ 44,003
Reclassification adjustment (b)	631	577	591	763
Sales of metal as adjusted	$ 30,281	$ 26,958	$ 30,802	$ 44,766
Net income (loss)	$ (1,653)	$ (5,414)	$ (18,080)	$ 8,289
Basic net income (loss) per share	$ (0.01)	$ (0.03)	$ (0.08)	$ 0.04
Diluted net income (loss) per share	$ (0.01)	$ (0.03)	$ (0.08)	$ 0.03

(a) Includes a $1.6 million charge to settle a breach of contract suit brought against the Company by Credit Suisse First Boston in the first quarter of 2005.

(b) Freight charges were previously misclassified and recorded as a reduction of sales of metal and have been reclassified to production costs applicable to sales.

(c) Reflects the correction of an error in the Company's calculation relating to the ore on leach pad inventory in the first quarter of 2005, the six months ended June 30, 2005, and the nine months ended September 30, 2005. The adjustment increased inventory and decreased production costs applicable to sales resulting in a decrease in the net loss of $0.6 million in the first quarter of 2005. The Company has previously restated the financial statements for the first quarter of 2005 in its filing on Form 10-Q/A for the quarterly period ended March 31, 2005, accordingly, the amounts as previously presented for net income (loss) and basic and diluted income (loss) per share include the effects of the restatement adjustments. The effects of the restatement are reflected in the year-to-date periods ended June 30, 2005 (as restated) and September 30, 2005 (as restated). The adjustment had no impact on basic or diluted net income (loss) per share.

(d) Includes merger related expenses of approximately $14.9 million in the third quarter and $0.8 million in the fourth quarter of 2004.

(e) Includes adjustments of $4.4 million in the fourth quarter of 2004 to the valuation allowance for the expected benefit of net operating loss carryforwards expected to be utilized to reduce projected future taxable income in future years from the Cerro Bayo mine, and $1.4 million for the reversal of a previous tax accrual.

Exhibit 21

LIST OF SUBSIDIARIES OF COEUR D'ALENE MINES CORPORATION

The following subsidiaries of Coeur d'Alene Mines Corporation as of December 31, 2005, are wholly owned.

Name of Subsidiary	State/Country of Incorporation
Coeur Rochester, Inc.	Delaware
Coeur Bullion Corporation	Idaho
Coeur Explorations, Inc.	Idaho
Coeur Alaska, Inc.	Delaware
Coeur Silver Valley, Inc.	Delaware
CDE Chilean Mining Corporation	Delaware
CDE Mexico, S.A. de C.V.	Mexico
Callahan Mining Corporation	Arizona
Compania Minera CDE Cerro Bayo Limitada	Chile
Coeur Argentina	Argentina
Empresa Minera Manquiri	Bolivia
Coeur d'Alene Mines Exploration Corporation (Tanzania) Limited	Tanzania
CDE Australia Pty. Limited	Australia

The following is a list of the subsidiaries of Callahan Mining Corporation:
Name of Subsidiary: Coeur New Zealand, Inc.
State of Incorporation: Delaware
Percentage of Ownership: 100%

Exhibit 23

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Coeur d'Alene Mines Corporation:

We consent to the incorporation by reference in the registration statement (No. 333-130711) on Form S-3 and the registration statements (Nos. 333-72524, 333-112253 and 333-125903) on Form S-8 of Coeur d'Alene Mines Corporation of our report dated March 10, 2006, with respect to the consolidated balance sheets of Coeur d'Alene Mines Corporation as of December 31, 2005 and 2004, and the related consolidated statements of operations and comprehensive income (loss), shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2005, management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2005, and the effectiveness of internal control over financial reporting as of December 31, 2005, which reports appear in the December 31, 2005 annual report on Form 10-K of Coeur d'Alene Mines Corporation.

Our report dated March 10, 2006, on the consolidated financial statements referred to above contains an explanatory paragraph referring to the adoption of Statement of Financial Accounting No. 143, *Accounting for Asset Retirement Obligations,* as of January 1, 2003.

KPMG LLP

Boise, Idaho
March 10, 2006

Exhibit 31.1

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a)
or 15d-14(a) under the Securities Exchange Act of 1934

I, Dennis E. Wheeler, certify that:

1. I have reviewed this Form 10-K of Coeur d'Alene Mines Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation, and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a)all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b)any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 13, 2006 By: /s/ Dennis E. Wheeler
Dennis E. Wheeler

Exhibit 31.2

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a)
or 15d-14(a) under the Securities Exchange Act of 1934

I, James A. Sabala, certify that:

1. I have reviewed this Form 10-K of Coeur d'Alene Mines Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation, and
d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a)all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
b)any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 13, 2006

By: /s/ James A. Sabala
James A. Sabala

Exhibit 32.1

Written Statement of the Chief Executive Officer
Pursuant to 18 U.S.C. э1350

Solely for the purposes of complying with 18 U.S.C. э1350, I, the undersigned Chairman and Chief Executive Officer of Coeur d'Alene Mines Corporation (the "Company"), hereby certify, based on my knowledge, that the Annual Report on Form 10-K of the Company for the year ended December 31, 2005 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Dennis E. Wheeler
Dennis E. Wheeler
March 13, 2006

Exhibit 32.2

Written Statement of the Chief Financial Officer
Pursuant to 18 U.S.C. э1350

Solely for the purposes of complying with 18 U.S.C. э1350, I, the undersigned Executive Vice President and Chief Financial Officer of Coeur d'Alene Mines Corporation (the "Company"), hereby certify, based on my knowledge, that the Annual Report on Form 10-K of the Company for the year ended December 31, 2005 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James A. Sabala
James A. Sabala
March 13, 2006

CORPORATE INFORMATION

DIRECTORS

Dennis E. Wheeler
Chairman, President and Chief Executive Officer,
Coeur d'Alene Mines Corporation

Cecil D. Andrus
Chairman, Andrus Center for Public Policy,
Governor of Idaho 1971-1977, 1987-1995

James J. Curran
Former Chairman and Chief Executive Officer,
First Interstate Bank, Northwest Region

Andrew Lundquist
Managing Partner of Lundquist,
Nethercutt & Griles LLC

Robert E. Mellor
Chairman, President and Chief Executive Officer,
Building Materials Holding Corporation

John H. Robinson
Vice Chairman,
Olsson Associates

Timothy R. Winterer
Former President and Chief Operating Officer,
Western Oil Sands, Inc.

J. Kenneth Thompson
President and Chief Executive Officer,
Pacific Star Energy, LLC

Alex Vitale
Managing Director,
Deutsche Bank Securities Inc.

OFFICERS

Dennis E. Wheeler
Chairman, President and Chief Executive Officer

James A. Sabala
Executive Vice President and Chief Financial Officer

James K. Duff
President, South American Operations

Harry F. Cougher
Senior Vice President, North America Operations

Donald J. Birak
Senior Vice President, Exploration

Alan L. Wilder
Senior Vice President, Project Development

Gary W. Banbury
Senior Vice President and Chief Administrative Officer

W. Scott Lamb
Vice President, Investor Relations

Kelli Kast
Vice President, General Counsel and Corporate Secretary

Luke Russell
Vice President, Environmental Services

James R. Arnold
Vice President, Technical Services

Mitchell J. Krebs
Vice President, Corporate Development

Thomas T. Angelos
Controller and Chief Accounting Officer

SUBSIDIARY MANAGEMENT

Nevada
Barry P. Olson
Vice President and General Manager
Coeur Rochester, Inc.

Alaska
Timothy D. Arnold
Vice President and General Manager
Kensington Project

Idaho
John Jordan
General Manager
Coeur Silver Valley, Inc.

Chile
Alfredo Cruzat
Senior Vice President, Exploration
CDE Chilean Mining Corporation

Chile
Chris Harrison
Vice President of Operations
CDE Chilean Mining Corporation
Cerro Bayo Ltd.

Argentina
Leon Hardy
Vice President of Operations

EXECUTIVE OFFICES

Coeur d'Alene Mines Corporation
505 Front Avenue
P.O. Box I
Coeur d'Alene, Idaho
USA 83816-0316
(208) 667-3511

Incorporated under the laws of the State of Idaho in 1928.

The cover and narrative of this report are printed on acid-free 50/10 Mohawk paper. Mohawk is 50% preconsumer and 15% postconsumer recycled material.

CDE LISTED NYSE THE NEW YORK STOCK EXCHANGE

CDM LISTED TORONTO STOCK EXCHANGE TSX

Design: Mark Mock Design Associates, Inc.

COEUR

Financial Information

AUDITORS

KPMG, LLP
Boise, Idaho

TRANSFER AGENT AND REGISTRAR - COMMON STOCK

Questions on stock transfers, or issuance of certificates and IRS 1099 should be directed to the Company's transfer agent:

Mellon Investor Services LLC
Newport Office Center VII
480 Washington Blvd.
Jersey City, NJ 07310-1900
(800) 359-8554
www.melloninvestor.com
TDD for hearing impaired: (800) 231-5469

SHAREHOLDERS' INQUIRIES

Please direct inquiries, shareholder requests for assistance and copies of the Company's Annual Report on SEC Form 10-K to:
Scott Lamb
Vice President of Investor Relations
(208) 665-0777

For current press releases and Company news visit the Coeur website at: www.coeur.com

The Company's common stock is listed on the New York Stock Exchange ("NYSE") and the Pacific Exchange under the symbol CDE, and the Toronto Stock Exchange under the symbol CDM. The following table sets forth, for the periods indicated, the high and low sales prices of the Common Stock as reported by the NYSE.

2005	High	Low	2004	High	Low
Q1	$4.37	$3.33	Q1	$7.67	$5.34
Q2	3.75	2.75	Q2	7.14	3.88
Q3	4.32	3.36	Q3	4.74	3.10
Q4	4.59	3.62	Q4	5.21	3.93

The Company submitted to the NYSE in 2005 a CEO Certification as to compliance with the Exchange's corporate governance listing standards.

The Company's 11/4% Convertible Senior Notes due 1/15/24 are traded on the Over the Counter market (OTC).

Donald J. Birak, Coeur's Senior Vice President of Exploration is the qualified person responsible for the preparation of the scientific and technical information in this document. Mr. Birak has reviewed the available data and procedures and believes the calculation of resources and reserves in connection with these properties was conducted in a professional and competent manner.

COEUR
THE PRECIOUS METALS COMPANY

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