

COEUR D'ALENE MINES JUNE QTR 09: KENSINGTON TAILINGS PERMIT ATTAINED.

Operational	Jun Qtr	Mar Qtr	Change
Production (000' oz Ag)	4,332	3,923	10%
Head Grade (g/t) *	94	116	-19%
Average Silver Price (US\$/oz)	13.85	12.48	11%
Cash Cost (US\$/oz)	9.61	6.61	45%
Development Cost (US\$/oz)	0.85	1.64	-48%
Total Cash Cost (US\$/oz)	10.46	8.25	27%
Gross Margin (US\$/oz)	3.39	4.23	-20%
Other Investment Activities			
Capital Expenditure (US\$/oz) ^	8.97	18.32	
Exploration/Evaluation (US\$/oz)	0.88	0.98	
Total Other Investment (US\$/oz)	9.85	19.30	
Corporate Expenditure			
Net Finance Cost (Revenue) (US\$/oz) ^	0.62	- 0.03	
General Administration (US\$/oz)	1.31	1.49	
Total Corporate Costs (US\$/oz)	1.93	1.46	-32%
Cash Surplus (Deficit) (US\$/oz)	- 8.40	- 16.53	49%
Balance Sheet Performance			
Cash Balance (US\$m)	24.7	38.1	-35%
Marketable Investments (US\$m)	-	-	
Interest Bearing Loans (US\$m)	266.7	358.9	-26%
Hedging Liability (US\$m)	-	-	
Share Capital			
Shares Outstanding (m)	75.4	68.5	-10%
Share Price (US\$) (End of Qtr)	12.3	9.4	31%

Operational

- Coeur D'Alene Mines (NYSE:CDE; ASX:CXC) has experienced an eventful quarter with Palmarejo production incorporated into the result for the first time. Design capacity isn't expected to be achieved until the beginning of the fourth quarter and the cash costs of \$19.44/oz reflect this ramping up phase. The total cash costs for San Bartolome continued to rise during the quarter to US\$10.64/oz, with taxes and royalties accounting for a significant US\$3.27/oz of the total. Coeur are forecasting a decline in the annual operating costs for the project to US\$6.50/oz, excluding taxes and royalties (Mar Quarter 09: US\$7.37/oz). Palmarejo and San Bartolome, which now collectively account for close to 58% of total production, were the main driving factors for the 45% increase in total cash costs.

Production by Project

Project	Jun Qtr			Mar Qtr			Variance		
	oz	g/t	Cash Cost	oz	g/t	Cash Cost	oz	g/t	Cash Cost
San Bartolome	1,916,359	190	10.64	2,113,551	212	8.17	-9%	10%	30%
Martha Mine	707,898	881	7.89	808,007	986	8.17	12%	11%	-3%
Rochester	543,543		2.96	469,861		3.36	16%		-12%
Palmarejo	587,716	119	19.44						
Broken Hill	454,184	44	3.42	389,410	46	3.45	17%	-3%	-1%
Endeavor	122,705	60	6.19	141,814	37	4.94	13%	61%	25%
Total	4,332,405	143	9.61	3,922,643	116	6.61	10%	23%	45%

- The average silver price received during the quarter rose by 11% to US\$13.85, which helped to partially negate the increase in operating costs. Development costs associated with producing projects also declined during the quarter, thanks largely to the winding down of capital works at San Bartolome. Overall, the Total Cash cost, including operational development costs, increased by 27% to US\$10.46. Gross margins declined 20% from US\$4.23 to US\$3.39.

Investment

- Palmarejo capital expenditure fell from US\$71.9m to US\$38.9m during the June quarter, representing a fall from US\$18.32/oz to US\$8.97/oz. As Palmarejo is fully commissioned over the coming months, expect this number to continue falling.

Corporate

- Administration was marginally lower than the previous quarter. Finance costs on the other hand increased as interest, previously capitalized for development stage projects, starts to get expensed. Total corporate costs increased by 32% to US\$1.93/oz.

Cash Surplus/Deficit

- The overall cash deficit fell 49% to US\$8.40/oz, reflecting the wind down in development activity.

Balance Sheet

- Cash fell 35% to US\$24.7m. Since the end of the quarter, an agreement was reached on the Broken Hill project where the interest was sold for US\$55m. This has boosted cash to US\$80m.
- Debt declined another 26% during the quarter, with the conversion of more convertible notes into shares.

Share Capital

- 6.9m shares, or close to 10% of the total number of shares outstanding, were issued during the quarter as a result of the convertible note conversion.
- The share price had a healthy 31% rally during the quarter as the company comes closer to completing their transition period in bringing 2 major new projects into production. The court approval on the Kensington tailings permit was also a strong contributing factor, paving the way for the completion of this development in Alaska.

Closing Comments

Coeur D'Alene continues to make steady progress. Of concern, is their narrowing gross margins (just US\$3.39/oz). Efforts are being made to try and lower operating costs and as Palmarejo continues to ramp up, one would expect these margins to largely improve. With Kensington still to be developed, the growth prospects for Coeur continue to look impressive. As the company has highlighted, operating cash flow should continue to strengthen over the coming months, which will ensure any future development activity will be largely self funded.

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