

Coeur Mining, Inc.
Form 10-Q
July 25, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 2018

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 001-08641

COEUR MINING, INC.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Delaware | 82-0109423 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

| | |
|---|------------|
| 104 S. Michigan Ave., Suite 900 Chicago, Illinois | 60603 |
| (Address of principal executive offices) | (Zip Code) |

(312) 489-5800

(Registrant's telephone number, including area code)

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The Company has 300,000,000 shares of common stock, par value of \$0.01, authorized of which 187,062,006 shares were issued and outstanding as of July 24, 2018.

COEUR MINING, INC.
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PART I

Item 1. Financial Statements

COEUR MINING, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

| | | Three months ended | | Six months ended | |
|--|-------|---------------------------------|--------------|------------------|------------|
| | | June 30, | | June 30, | |
| | | 2018 | 2017 | 2018 | 2017 |
| | Notes | In thousands, except share data | | | |
| Revenue | 3 | \$ 169,987 | \$ 149,540 | \$ 333,254 | \$ 335,094 |
| COSTS AND EXPENSES | | | | | |
| Costs applicable to sales ⁽¹⁾ | 3 | 108,246 | 102,229 | 207,586 | 216,719 |
| Amortization | | 29,459 | 30,734 | 60,236 | 69,427 |
| General and administrative | | 7,650 | 7,025 | 16,454 | 17,150 |
| Exploration | | 6,429 | 7,813 | 13,112 | 13,065 |
| Pre-development, reclamation, and other | | 3,620 | 4,085 | 7,845 | 7,922 |
| Total costs and expenses | | 155,404 | 151,886 | 305,233 | 324,283 |
| OTHER INCOME (EXPENSE), NET | | | | | |
| Gain (loss) on debt extinguishment | | — | (9,342) | — | (9,342) |
| Fair value adjustments, net | 10 | (2,462) | 336 | 2,192 | (864) |
| Interest expense, net of capitalized interest | 18 | (6,018) | (3,744) | (11,983) | (7,323) |
| Other, net | 7 | 544 | 3,974 | 1,057 | 24,773 |
| Total other income (expense), net | | (7,936) | (8,776) | (8,734) | 7,244 |
| Income (loss) before income and mining taxes | | 6,647 | (11,122) | 19,287 | 18,055 |
| Income and mining tax (expense) benefit | 8 | (3,717) | 1,127 | (15,666) | (9,751) |
| Income (loss) from continuing operations | | \$ 2,930 | \$ (9,995) | \$ 3,621 | \$ 8,304 |
| Income (loss) from discontinued operations | 21 | — | (960) | 550 | (596) |
| NET INCOME (LOSS) | | \$ 2,930 | \$ (10,955) | \$ 4,171 | \$ 7,708 |
| OTHER COMPREHENSIVE INCOME (LOSS), net of tax: | | | | | |
| Unrealized gain (loss) on debt and equity securities | | (87) | (18) | (365) | (2,200) |
| Reclassification adjustments for impairment of equity securities | | — | 305 | — | 426 |
| Reclassification adjustments for realized (gain) loss on sale of equity securities | | — | (203) | — | 1,268 |
| Other comprehensive income (loss) | | (87) | 84 | (365) | (506) |
| COMPREHENSIVE INCOME (LOSS) | | \$ 2,843 | \$ (10,871) | \$ 3,806 | \$ 7,202 |
| NET INCOME (LOSS) PER SHARE | 9 | | | | |
| Basic income (loss) per share: | | | | | |
| Net income (loss) from continuing operations | | \$ 0.02 | \$ (0.06) | \$ 0.02 | \$ 0.05 |
| Net income (loss) from discontinued operations | | 0.00 | (0.01) | 0.00 | 0.00 |
| Basic ⁽²⁾ | | \$ 0.02 | \$ (0.06) | \$ 0.02 | \$ 0.04 |
| Diluted income (loss) per share: | | | | | |
| Net income (loss) from continuing operations | | \$ 0.02 | \$ (0.06) | \$ 0.02 | \$ 0.05 |
| Net income (loss) from discontinued operations | | 0.00 | (0.01) | 0.00 | 0.00 |
| Diluted ⁽²⁾ | | \$ 0.02 | \$ (0.06) | \$ 0.02 | \$ 0.04 |

(1) Excludes amortization.

(2) Due to rounding, the sum of net income per share from continuing operations and discontinued operations may not equal net income per share.

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

COEUR MINING, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

| | Three months ended June 30, | | Six months ended June 30, | |
|---|--------------------------------|-----------------|------------------------------|-----------------|
| | 2018 | 2017 | 2018 | 2017 |
| Notes In thousands | | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Net income (loss) | \$2,930 | \$(10,955) | \$4,171 | \$7,708 |
| (Income) loss from discontinued operations | — | 960 | (550) | 596 |
| Adjustments: | | | | |
| Amortization | 29,459 | 30,734 | 60,236 | 69,427 |
| Accretion | 3,886 | 2,312 | 7,204 | 4,552 |
| Deferred taxes | (1,265) | (3,636) | (811) | (1,052) |
| Loss (gain) on debt extinguishment | — | 9,342 | — | 9,342 |
| Fair value adjustments, net | 10 2,462 | (336) | (2,192) | 864 |
| Stock-based compensation | 5 1,850 | 2,235 | 4,636 | 5,542 |
| Gain on sale of the Joaquin project | — | — | — | (21,138) |
| Other | 2,174 | (3,421) | 2,242 | (5,317) |
| Changes in operating assets and liabilities: | | | | |
| Receivables | (8,888) | (2,215) | (10,579) | 3,465 |
| Prepaid expenses and other current assets | 8,126 | 4,061 | 2,491 | (845) |
| Inventory and ore on leach pads | (2,766) | (4,809) | (11,474) | 10,362 |
| Accounts payable and accrued liabilities | (39,262) | (167) | (41,127) | (15,466) |
| CASH PROVIDED BY OPERATING ACTIVITIES OF CONTINUING OPERATIONS | (1,294) | 24,105 | 14,247 | 68,040 |
| CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES OF DISCONTINUED OPERATIONS | — | 5,175 | (2,690) | 16,510 |
| CASH PROVIDED BY OPERATING ACTIVITIES OF CONTINUING OPERATIONS | (1,294) | 29,280 | 11,557 | 84,550 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Capital expenditures | (41,165) | (37,107) | (83,510) | (60,698) |
| Proceeds from the sale of assets | 96 | 436 | 156 | 15,455 |
| Purchase of investments | (39) | (8,948) | (400) | (9,964) |
| Sale of investments | 11,141 | 898 | 12,760 | 10,918 |
| Other | (33) | (52) | (98) | (66) |
| CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES OF CONTINUING OPERATIONS | (30,000) | (44,773) | (71,092) | (44,355) |
| CASH USED IN INVESTING ACTIVITIES OF DISCONTINUED OPERATIONS | — | (375) | (28,470) | (763) |
| CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES OF DISCONTINUED OPERATIONS | (30,000) | (45,148) | (99,562) | (45,118) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | |
| Issuance of notes and bank borrowings, net of issuance costs | 18 — | 244,958 | 15,000 | 244,958 |
| Payments on debt, capital leases, and associated costs | 18 (4,373) | (188,910) | (22,822) | (192,116) |
| Other | (233) | (473) | (4,839) | (3,720) |
| CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES OF CONTINUING OPERATIONS | (4,606) | 55,575 | (12,661) | 49,122 |
| CASH USED IN FINANCING ACTIVITIES OF DISCONTINUED OPERATIONS | — | (21) | (22) | (41) |
| CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES OF DISCONTINUED OPERATIONS | (4,606) | 55,554 | (12,683) | 49,081 |
| Effect of exchange rate changes on cash and cash equivalents | (175) | 328 | 382 | 884 |
| | (36,075) | 40,014 | (100,306) | 89,397 |

INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS
AND RESTRICTED CASH

| | | | | | | |
|--|-----------|------|-----------|---------|-----------|-----------|
| Less net cash provided by (used in) discontinued operations ⁽¹⁾ | — | (338 |) | (32,930 |) | 5,189 |
| | (36,075 |) | 40,352 | (67,376 |) | 84,208 |
| Cash, cash equivalents and restricted cash at beginning of period | 172,101 | | 170,457 | | 203,402 | 126,601 |
| Cash, cash equivalents and restricted cash at end of period | \$136,026 | | \$210,809 | | \$136,026 | \$210,809 |

⁽¹⁾ Less net cash provided by (used in) discontinued operations includes the following cash transactions: net subsidiary payments to parent company of \$5,117 for the three months ended June 30, 2017 and \$1,748 and \$10,517 during the six months ended June 30, 2018 and 2017, respectively.

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

COEUR MINING, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

| | | June 30, 2018 (unaudited) | December 31, 2017 |
|---|-------|---------------------------------|----------------------|
| | Notes | In thousands, except share data | |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | \$ 123,539 | \$ 192,032 |
| Receivables | 14 | 40,759 | 19,069 |
| Inventory | 15 | 62,154 | 58,230 |
| Ore on leach pads | 15 | 75,261 | 73,752 |
| Prepaid expenses and other | | 11,925 | 15,053 |
| Assets held for sale | 21 | — | 91,421 |
| | | 313,638 | 449,557 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment, net | 16 | 273,337 | 254,737 |
| Mining properties, net | 17 | 861,379 | 829,569 |
| Ore on leach pads | 15 | 70,043 | 65,393 |
| Restricted assets | 13 | 21,635 | 20,847 |
| Equity and debt securities | 13 | 23,804 | 34,837 |
| Receivables | 14 | 53,046 | 28,750 |
| Other | | 19,022 | 17,485 |
| TOTAL ASSETS | | \$ 1,635,904 | \$ 1,701,175 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | | \$ 53,428 | \$ 48,592 |
| Accrued liabilities and other | 22 | 61,664 | 94,930 |
| Debt | 18 | 21,745 | 30,753 |
| Reclamation | 4 | 3,777 | 3,777 |
| Liabilities held for sale | 21 | — | 50,677 |
| | | 140,614 | 228,729 |
| NON-CURRENT LIABILITIES | | | |
| Debt | 18 | 397,974 | 380,569 |
| Reclamation | 4 | 121,264 | 117,055 |
| Deferred tax liabilities | | 102,626 | 105,148 |
| Other long-term liabilities | | 54,655 | 54,697 |
| | | 676,519 | 657,469 |
| STOCKHOLDERS' EQUITY | | | |
| Common stock, par value \$0.01 per share; authorized 300,000,000 shares, 187,074,029 issued and outstanding at June 30, 2018 and 185,637,724 at December 31, 2017 | | 1,871 | 1,856 |
| Additional paid-in capital | | 3,357,318 | 3,357,345 |
| Accumulated other comprehensive income (loss) | | (450 |) 2,519 |
| Accumulated deficit | | (2,539,968 |) (2,546,743) |
| | | 818,771 | 814,977 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | | \$ 1,635,904 | \$ 1,701,175 |

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

COEUR MINING, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

| In thousands | Common Stock Shares | Common Stock Par Value | Additional Paid-In Capital | Accumulated Deficit | Accumulated Other Comprehensive Income (Loss) | Total |
|---|---------------------------|---------------------------------|----------------------------------|------------------------|---|-----------|
| Balances at December 31, 2017 | 185,638 | \$ 1,856 | \$3,357,345 | \$(2,546,743) | \$ 2,519 | \$814,977 |
| Net income (loss) | — | — | — | 4,171 | — | 4,171 |
| Reclassification of unrealized gain (loss) on equity securities for ASU 2016-01 | — | — | — | 2,604 | (2,604) | — |
| Other comprehensive income (loss) | — | — | — | — | (365) | (365) |
| Common stock issued under stock-based compensation plans, net | 1,436 | 15 | (27) | — | — | (12) |
| Balances at June 30, 2018 (Unaudited) | 187,074 | \$ 1,871 | \$3,357,318 | \$(2,539,968) | \$ (450) | \$818,771 |

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

Coeur Mining, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

NOTE 1 - BASIS OF PRESENTATION

The interim condensed consolidated financial statements of Coeur Mining, Inc. and its subsidiaries (collectively, “Coeur” or the “Company”) are unaudited. In the opinion of management, all adjustments and disclosures necessary for the fair presentation of these interim statements have been included. The results reported in these interim statements may not be indicative of the results which will be reported for the year ending December 31, 2018. The condensed consolidated December 31, 2017 balance sheet data was derived from audited consolidated financial statements. Accordingly, these unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017 (the “2017 10-K”).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

On January 1, 2018, the Company adopted the updated revenue guidance applicable under ASC 606, - “Revenue from Contracts with Customers”. The new guidance creates a five-step framework to determine revenue recognition:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognize revenue when (or as) the entity satisfies a performance obligation

The Company produces doré and concentrate that is shipped to third-party refiners and smelters, respectively, for processing. The Company enters into contracts to sell its metal to various third-party customers which may include the refiners and smelters that process the doré and concentrate. The Company’s performance obligation in these transactions is generally the transfer of metal to the customer.

In the case of doré shipments, the Company generally sells refined metal at market prices agreed upon by both parties. The Company also has the right, but not the obligation, to sell a portion of the anticipated refined metal in advance of being fully refined. When the Company sells refined metal or advanced metal, the performance obligation is satisfied when the metal is delivered to the customer. Revenue and Costs Applicable to Sales are recorded on a gross basis under these contracts at the time the performance obligation is satisfied.

Under the Company’s concentrate sales contracts with third-party smelters, metal prices are set on a specified future quotational period, typically one to three months, after the shipment date based on market prices. When the Company sells gold concentrate to the third-party smelters, the performance obligation is satisfied when the concentrate is loaded onto the third-party shipping vessel. The contracts, in general, provide for provisional payment based upon provisional assays and historical metal prices. Final settlement is based on the applicable price for the specified future quotational period and generally occurs three to six months after shipment. 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 and is adjusted to fair value through revenue each period until the date of final metal settlement.

The Company also sells concentrate under off-take agreements to third-party customers that are responsible for arranging the smelting of the concentrate. Prices are can either be fixed or based on a quotational period. The quotational period varies by contract, but is generally a one-month period following the shipment of the concentrate. The performance obligation is satisfied when the concentrate is loaded onto the third-party shipping vessel. The

off-take agreement allows for the Company to sell concentrate in advance of shipment and results in the customer taking ownership of the concentrate prior to shipment.

The Company recognizes revenue from concentrate sales, net of treatment and refining charges, when it satisfies the performance obligation of transferring control of the concentrate to the customer.

For doré and off-take sales, the Company may incur a finance charge related to advance sales that is not considered significant and, as such, is not considered a separate performance obligation. In addition, the Company has elected to treat freight costs as a fulfillment cost under ASC 606 and not as a separate performance obligation.

The Company's streaming agreement with a subsidiary of Franco-Nevada Corporation ("Franco-Nevada") provided for a \$20.0 million deposit paid by Franco-Nevada in exchange for the right and obligation, commencing in 2016, to purchase 50%

Coeur Mining, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

of a portion of Palmarejo gold production at the lesser of \$800 or market price per ounce. Because there is no minimum obligation associated with the deposit, it is not considered financing, and each shipment is considered to be a separate performance obligation. The streaming agreement represents a contract liability under ASC 606, which requires the Company to ratably recognize a portion of the deposit as revenue for each gold ounce delivered to Franco-Nevada.

The following table presents a rollforward of the Franco-Nevada contract liability balance:

| | Three months ended June 30, | | Six months ended June 30, | |
|---------------------------|--------------------------------|------------|------------------------------|----------|
| In thousands | 2018 | 2017 | 2018 | 2017 |
| Opening Balance | \$14,340 | \$17,652 | \$14,883 | \$19,281 |
| Revenue Recognized (541) | \$(817) | \$(1,084) | \$(2,446) | |
| Closing Balance | \$13,799 | \$16,835 | \$13,799 | \$16,835 |

Recent Accounting Standards

In January 2017, the FASB issued ASU 2017-01, "Business Combinations (Topic 805) - Clarifying the Definition of a Business," which clarifies the definition of a business to assist entities in the evaluation of acquisitions and disposals of assets or businesses. These changes became effective for the Company's fiscal year beginning January 1, 2018 and did not materially impact the Company's consolidated net income, financial position or cash flows.

In November 2016, the FASB issued ASU 2016-18, "Statement of Cash Flows (Topic 230) - Restricted Cash," which will require entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. These changes became effective for the Company's fiscal year beginning January 1, 2018 and resulted in the inclusion of restricted cash equivalents on the Consolidated Statements of Cash Flows of \$12.5 million at June 30, 2018 and \$9.8 million at June 30, 2017.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments," which provides guidance on presentation and classification of certain cash receipts and payments in the statement of cash flows. These changes became effective for the Company's fiscal year beginning January 1, 2018 and did not materially impact the Company's consolidated net income, financial position or cash flows.

In February 2016, the FASB issued ASU 2016-02, "Leases," which will require lessees to recognize assets and liabilities for the rights and obligations created by most leases on the balance sheet. These changes become effective for the Company's fiscal year beginning January 1, 2019. Modified retrospective adoption for all leases existing at, or entered into after, the date of initial application, is required with an option to use certain transition relief. The Company is currently evaluating the potential impact of implementing these changes on the Company's consolidated financial position, results of operations, and cash flows.

In January 2016, the FASB issued ASU 2016-01, "Recognition and Measurement of Financial Assets and Financial Liabilities," which requires entities to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in fair value in net income. This new guidance also updates certain disclosure requirements for these investments. These changes became effective for the Company's fiscal year beginning January 1, 2018, and resulted in a reclassification of \$2.6 million of unrealized holding gains and losses and deferred income taxes related to investments in equity securities from Accumulated other comprehensive income (loss) to Accumulated deficit in the Consolidated Balance Sheets on that date. Unrealized holding gains and losses related to investments in equity securities are now recognized in Fair value adjustments, net in the Consolidated Statements of Comprehensive Income (Loss).

In July 2015, the FASB issued ASU 2015-11, "Simplifying the Measurement of Inventory," which provides a revised, simpler measurement for inventory to be measured at the lower of cost and net realizable value. These changes became effective for the Company's fiscal year beginning January 1, 2018 and did not materially impact the Company's consolidated net income, financial position or cash flows.

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers”, which has subsequently been amended several times, to update revenue guidance under the newly-created ASC 606. The new standard provides a five-step approach to be applied to all contracts with customers and also requires expanded disclosures about revenue recognition. These changes became effective under the modified retrospective method of adoption for the Company’s fiscal year beginning January 1, 2018 and did not materially impact the Company’s consolidated net income, financial position or cash flows.

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Coeur Mining, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

NOTE 3 – SEGMENT REPORTING

The Company's operating segments include the Palmarejo complex, and the Rochester, Kensington, Wharf and Silvertip mines. Except for the Silvertip mine, which was acquired in the fourth quarter of 2017, all operating segments are engaged in the discovery, mining, and production of gold and/or silver. Silvertip is engaged in the discovery, mining, and production of silver, zinc and lead. Other includes the La Preciosa project, other mineral interests, strategic equity investments, corporate office, elimination of intersegment transactions, and other items necessary to reconcile to consolidated amounts.

The Company determined that the disposition of Empresa Minera Manquiri S.A., a Bolivian Sociedad anonima ("Manquiri"), which operates the San Bartolomé mine, represents a strategic shift to a North America-focused mining portfolio and has a significant effect on the entity's results and operations; therefore, the results of operations are presented as discontinued operations in Other for all periods presented.

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

| Three months ended June 30, 2018 | Palmarejo | Rochester | Silvertip | Kensington | Wharf | Other | Total |
|--|-----------|-----------|-----------|------------|----------|------------|-------------|
| Revenue | | | | | | | |
| Metal sales | \$70,744 | \$33,668 | \$— | \$35,735 | \$29,840 | \$— | \$169,987 |
| Costs and Expenses | | | | | | | |
| Costs applicable to sales ⁽¹⁾ | 30,310 | 24,451 | — | 34,227 | 19,258 | — | 108,246 |
| Amortization | 14,633 | 4,793 | — | 6,441 | 3,353 | 239 | 29,459 |
| Exploration | 3,198 | 212 | 106 | 1,395 | — | 1,518 | 6,429 |
| Other operating expenses | 750 | 903 | 5 | 327 | 688 | 8,597 | 11,270 |
| Other income (expense) | | | | | | | |
| Fair value adjustments, net | — | — | — | — | — | (2,462) | (2,462) |
| Interest expense, net | (147) | (125) | (246) | (231) | (11) | (5,258) | (6,018) |
| Other, net | 755 | 466 | 60 | (33) | 64 | (768) | 544 |
| Income and mining tax (expense) benefit | (3,646) | (463) | 943 | — | (1,036) | 485 | (3,717) |
| Income (loss) from continuing operations | \$18,815 | \$3,187 | \$646 | \$(6,919) | \$5,558 | \$(18,357) | \$2,930 |
| Income (loss) from discontinued operations | \$— | \$— | \$— | \$— | \$— | \$— | \$— |
| Segment assets ⁽²⁾ | \$373,310 | \$253,638 | \$390,155 | \$215,753 | \$99,878 | \$115,170 | \$1,447,904 |
| Capital expenditures | \$9,479 | \$669 | \$19,045 | \$10,708 | \$1,162 | \$102 | \$41,165 |

(1) Excludes amortization

(2) Segment assets include receivables, prepaids, inventories, property, plant and equipment, and mineral interests

| Three months ended June 30, 2017 | Palmarejo | Rochester | Kensington | Wharf | Other | Total |
|--|-----------|-----------|------------|----------|---------|-----------|
| Revenue | | | | | | |
| Metal sales | \$53,235 | \$32,791 | \$35,567 | \$27,013 | \$934 | \$149,540 |
| Costs and Expenses | | | | | | |
| Costs applicable to sales ⁽¹⁾ | 33,894 | 24,161 | 27,988 | 15,768 | 418 | 102,229 |
| Amortization | 14,431 | 4,938 | 8,347 | 2,549 | 469 | 30,734 |
| Exploration | 3,124 | 315 | 1,980 | 3 | 2,391 | 7,813 |
| Other operating expenses | 310 | 831 | 350 | 632 | 8,987 | 11,110 |
| Other income (expense) | | | | | | |
| Loss on debt extinguishment | — | — | — | — | (9,342) | (9,342) |
| Fair value adjustments, net | — | 336 | — | — | — | 336 |
| Interest expense, net | (102) | (133) | (113) | (17) | (3,379) | (3,744) |
| Other, net | (498) | 2,344 | (57) | 336 | 1,849 | 3,974 |
| Income and mining tax (expense) benefit | (3,229) | 44 | — | (1,060) | 5,372 | 1,127 |

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| | | | | | | |
|--|------------|-----------|------------|-----------|------------|-------------|
| Income (loss) from continuing operations | \$(2,353) | \$5,137 | \$(3,268) | \$7,320 | \$(16,831) | \$(9,995) |
| Income (loss) from discontinued operations | \$— | \$— | \$— | \$— | \$(550) | \$(960) |
| Segment assets ⁽²⁾ | \$397,254 | \$241,381 | \$207,103 | \$104,311 | \$83,338 | \$1,033,387 |
| Capital expenditures | \$11,202 | \$13,816 | \$8,649 | \$1,471 | \$1,969 | \$37,107 |

(1) Excludes amortization

(2) Segment assets include receivables, prepaids, inventories, property, plant and equipment, and mineral interests

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| Six months ended June 30, 2018 | Palmarejo | Rochester | Silvertip | Kensington Wharf | Other | Total | |
|--|------------|------------|------------|------------------|-----------|--------------|--------------|
| Revenue | | | | | | | |
| Metal sales | \$ 140,781 | \$ 67,165 | \$— | \$ 72,035 | \$ 53,273 | \$— | \$333,254 |
| Costs and Expenses | | | | | | | |
| Costs applicable to sales ⁽¹⁾ | 61,406 | 48,756 | — | 62,857 | 34,567 | — | 207,586 |
| Amortization | 30,958 | 9,624 | — | 13,158 | 6,010 | 486 | 60,236 |
| Exploration | 7,168 | 245 | 106 | 2,985 | 10 | 2,598 | 13,112 |
| Other operating expenses | 1,481 | 1,787 | 25 | 648 | 1,353 | 19,005 | 24,299 |
| Other income (expense) | | | | | | | |
| Fair value adjustments, net | — | — | — | — | — | 2,192 | 2,192 |
| Interest expense, net | (266) | (223) | (656) | (474) | (23) | (10,341) | (11,983) |
| Other, net | (1,389) | 426 | 422 | (70) | 43 | 1,625 | 1,057 |
| Income and mining tax (expense) benefit | (16,089) | (834) | 1,778 | — | (1,675) | 1,154 | (15,666) |
| Income (loss) from continuing operations | \$ 22,024 | \$ 6,122 | \$ 1,413 | \$ (8,157) | \$ 9,678 | \$ (27,459) | \$ 3,621 |
| Income (loss) from discontinued operations | \$— | \$— | \$— | \$— | \$— | \$ 550 | \$ 550 |
| Segment assets ⁽²⁾ | \$ 373,310 | \$ 253,638 | \$ 390,155 | \$ 215,753 | \$ 99,878 | \$ 115,170 | \$ 1,447,904 |
| Capital expenditures | \$ 18,772 | \$ 3,302 | \$ 37,674 | \$ 22,072 | \$ 1,506 | \$ 184 | \$ 83,510 |

(1) Excludes amortization

(2) Segment assets include receivables, prepaids, inventories, property, plant and equipment, and mineral interests

| Six months ended June 30, 2017 | Palmarejo | Rochester | Kensington Wharf | Other | Total | |
|--|------------|------------|------------------|------------|--------------|--------------|
| Revenue | | | | | | |
| Metal sales | \$ 130,939 | \$ 71,770 | \$ 73,531 | \$ 57,264 | \$ 1,590 | \$ 335,094 |
| Costs and Expenses | | | | | | |
| Costs applicable to sales ⁽¹⁾ | 76,895 | 50,600 | 56,431 | 32,088 | 705 | 216,719 |
| Amortization | 34,581 | 10,754 | 17,525 | 5,660 | 907 | 69,427 |
| Exploration | 4,755 | 459 | 2,819 | 3 | 5,029 | 13,065 |
| Other operating expenses | 611 | 1,641 | 695 | 1,251 | 20,874 | 25,072 |
| Other income (expense) | | | | | | |
| Loss on debt extinguishment | — | — | — | — | (9,342) | (9,342) |
| Fair value adjustments, net | — | (864) | — | — | — | (864) |
| Interest expense, net | (227) | (250) | (153) | (36) | (6,657) | (7,323) |
| Other, net | (127) | 2,312 | (865) | 425 | 23,028 | 24,773 |
| Income and mining tax (expense) benefit | (14,415) | (454) | — | (2,016) | 7,134 | (9,751) |
| Income (loss) from continuing operations | \$ (672) | \$ 9,060 | \$ (4,957) | \$ 16,635 | \$ (11,762) | \$ 8,304 |
| Income (loss) from discontinued operations | \$— | \$— | \$— | \$— | \$ (596) | \$ (596) |
| Segment assets ⁽²⁾ | \$ 397,254 | \$ 241,381 | \$ 207,103 | \$ 104,311 | \$ 83,338 | \$ 1,033,387 |
| Capital expenditures | \$ 17,432 | \$ 24,384 | \$ 14,170 | \$ 2,358 | \$ 2,354 | \$ 60,698 |

(1) Excludes amortization

(2) Segment assets include receivables, prepaids, inventories, property, plant and equipment, and mineral interests

| Assets | June 30, 2018 | December 31, 2017 |
|--------------------------------------|------------------|----------------------|
| Total assets for reportable segments | \$ 1,447,904 | \$ 1,344,553 |

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| | | |
|---------------------------|-------------|--------------|
| Cash and cash equivalents | 123,539 | 192,032 |
| Other assets | 64,461 | 164,590 |
| Total consolidated assets | \$1,635,904 | \$ 1,701,175 |

Coeur Mining, Inc. and Subsidiaries
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Geographic Information

| Long-Lived Assets | June 30, 2018 | December 31, 2017 |
|-------------------|------------------|----------------------|
| Mexico | \$358,080 | \$ 370,188 |
| United States | 391,026 | 377,768 |
| Canada | 375,199 | 331,440 |
| Other | 10,411 | 4,910 |
| Total | \$1,134,716 | \$ 1,084,306 |

| Revenue | Three months ended | | Six months ended | |
|---------------|--------------------|-----------|------------------|-----------|
| | June 30, 2018 | 2017 | June 30, 2018 | 2017 |
| United States | \$99,243 | \$95,371 | \$192,473 | \$202,565 |
| Mexico | 70,744 | 53,235 | 140,781 | 130,939 |
| Australia | — | 934 | — | 1,590 |
| Total | \$169,987 | \$149,540 | \$333,254 | \$335,094 |

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NOTE 4 – RECLAMATION

Reclamation and mine closure costs are based principally on legal and regulatory requirements. Management estimates costs associated with reclamation of mining properties. On an ongoing basis, management evaluates its estimates and assumptions, and future expenditures could differ from current estimates.

Changes to the Company's asset retirement obligations for its operating sites are as follows:

| In thousands | Three months ended | | Six months ended | |
|---|--------------------|----------|------------------|----------|
| | June 30, 2018 | 2017 | June 30, 2018 | 2017 |
| Asset retirement obligation - Beginning | \$120,848 | \$88,397 | \$118,799 | \$86,754 |
| Accretion | 2,766 | 2,116 | 5,311 | 4,180 |
| Settlements | (707) | (511) | (1,203) | (932) |
| Asset retirement obligation - Ending | \$122,907 | \$90,002 | \$122,907 | \$90,002 |

The Company accrued \$2.0 million at each of June 30, 2018 and December 31, 2017, for reclamation liabilities related to former mining activities, which are included in Reclamation.

NOTE 5 – STOCK-BASED COMPENSATION

The Company has stock incentive plans for executives and eligible employees. Stock awards include performance shares, restricted stock and stock options. Stock-based compensation expense for the three and six months ended June 30, 2018 was \$1.8 million and \$4.6 million, respectively, compared to \$2.2 million and \$5.5 million to three and six months ended June 30, 2017, respectively. At June 30, 2018, there was \$10.8 million of unrecognized stock-based compensation cost which is expected to be recognized over a weighted-average remaining vesting period of 1.6 years. The performance shares issued in 2018 vest at the end of a three-year service period if internal performance metrics are met. The number of shares that vest is also impacted by the inclusion of a modifier that is based upon a relative stockholder return metric. The relative stockholder return metric is included in the determination of the grant date fair value of the performance shares however the recognition of compensation cost for performance share awards is based on the results of the internal performance metrics. The performance shares issued prior to 2018 vest at the end of a three-year service period if relative stockholder return and internal performance metrics are met and the existence of a market condition requires recognition of compensation cost for the relative stockholder return portion of the performance share awards over the requisite period regardless of whether the relative stockholder return metric is met. All other stock-based compensation awards are consistent with prior years.

The following table summarizes the grants awarded during the six months ended June 30, 2018:

| Grant date | Restricted stock | Grant date fair value of restricted stock | Stock options | Grant date fair value of stock options | Performance shares | Grant date fair value of performance shares |
|---------------|------------------|---|---------------|--|--------------------|---|
| March 5, 2018 | 31,887 | \$ 7.84 | — | \$ — | — | \$ — |
| May 9, 2018 | 868,134 | \$ 7.90 | 14,310 | \$ 4.09 | 408,179 | \$ 7.39 |

The following options and stock appreciation rights were exercisable during the six months ended June 30, 2018:

| Award Type | Number of Exercised Units | Weighted Average Exercised Price | Number of Exercisable Units | Weighted Average Exercisable Price |
|---------------------------|---------------------------|----------------------------------|-----------------------------|------------------------------------|
| Stock options | 159,069 | \$ 3.35 | 334,838 | \$ 14.72 |
| Stock appreciation rights | — | \$ — | 42,152 | \$ 14.14 |

NOTE 6 – RETIREMENT SAVINGS PLAN

The Company has a 401(k) retirement savings plan that covers all eligible U.S. employees. Eligible employees may elect to contribute up to 75% of base salary, subject to ERISA limitations. The Company generally makes matching

contributions equal to the employee's contribution up to 4% of the employee's salary. The Company may also provide an additional contribution based on an eligible employee's salary. Total plan expenses recognized for the three and six months ended June 30, 2018 were \$0.8 million and \$1.7 million, respectively, compared \$1.8 million and \$3.9 million to three and six months ended June 30, 2017, respectively. In addition, the Company has a deferred compensation plan for employees whose benefits under the 401(k) plan are limited by federal regulations.

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NOTE 7 - OTHER, NET

Other, net consists of the following:

| In thousands | Three months ended June 30, | | Six months ended June 30, | |
|--|-----------------------------|---------|---------------------------|----------|
| | 2018 | 2017 | 2018 | 2017 |
| Foreign exchange gain (loss) | \$(3,309) | \$786 | \$(3,979) | \$1,992 |
| Gain (loss) on sale of assets and investments | 586 | 513 | 345 | (1,552) |
| Gain on sale of the Joaquin project | — | — | — | 21,138 |
| Gain on repurchase of the Rochester royalty obligation | — | 2,332 | — | 2,332 |
| Mexico inflation adjustment | 1,939 | — | 1,939 | — |
| Other | 1,328 | 343 | 2,752 | 863 |
| Other, net | \$544 | \$3,974 | \$1,057 | \$24,773 |

NOTE 8 - INCOME AND MINING TAXES

The following table summarizes the components of Income and mining tax (expense) benefit for the three and six months ended June 30, 2018 and 2017 by significant jurisdiction:

| In thousands | Three months ended June 30, | | | | Six months ended June 30, | | | |
|---------------------|-----------------------------|-----------------------|--------------------------|-----------------------|---------------------------|-----------------------|--------------------------|-----------------------|
| | 2018 | | 2017 | | 2018 | | 2017 | |
| | Income (loss) before tax | Tax (expense) benefit | Income (loss) before tax | Tax (expense) benefit | Income (loss) before tax | Tax (expense) benefit | Income (loss) before tax | Tax (expense) benefit |
| United States | \$(11,334) | \$(2,309) | \$(6,563) | \$2,315 | \$(10,147) | \$(1,792) | \$14,090 | \$213 |
| Argentina | (180) | (108) | (129) | 945 | 74 | (97) | (457) | 2,070 |
| Canada | (2,155) | 1,199 | 6 | 940 | (3,909) | 2,044 | 8 | 908 |
| Mexico | 20,542 | (2,499) | (2,195) | (4,766) | 33,669 | (15,821) | 6,455 | (14,689) |
| Other jurisdictions | (226) | — | (2,241) | 1,693 | (400) | — | (2,041) | 1,747 |
| | \$6,647 | \$(3,717) | \$(11,122) | \$1,127 | \$19,287 | \$(15,666) | \$18,055 | \$(9,751) |

The Company's effective income and mining tax rate is a function of the combined effective tax rates and foreign exchange rates in the jurisdictions in which it operates. Variations in the jurisdictional mix of income and loss and foreign exchange rates result in significant fluctuations in the consolidated effective tax rate, along with mining taxes, uncertain tax positions, and a full valuation allowance on deferred tax assets related to losses in the United States and certain foreign jurisdictions. Fluctuations in foreign exchange rates on deferred tax balances decreased income and mining tax expense by \$4.5 million and increased income and mining tax expense by \$3.0 million for the three months ended June 30, 2018 and 2017, respectively. Fluctuations in foreign exchange rates on deferred tax balances decreased income and mining tax expense by \$0.9 million and increased income and mining tax expense by \$8.6 million for the six months ended June 30, 2018 and 2017, respectively. The impact of foreign exchange rates on deferred tax balances is predominately due to the Mexican Peso and Canadian Dollar.

A valuation allowance is provided for deferred tax assets for which it is more likely than not that the related tax benefits will not be realized. The Company analyzes its deferred tax assets and, if it is determined that the Company will not realize all or a portion of its deferred tax assets, it will record or increase a valuation allowance. Conversely, if it is determined that the Company will ultimately be more likely than not able to realize all or a portion of the related benefits for which a valuation allowance has been provided, all or a portion of the related valuation allowance will be reduced. There are a number of factors that impact the Company's ability to realize its deferred tax assets. For additional information, please see the sections titled "Risk Factors" set forth in the 2017 10-K.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. The statute of limitations remains open from 2014 forward for the U.S. federal jurisdiction and

from 2008 forward for certain other foreign jurisdictions. As a result of statutes of limitation that will begin to expire within the next twelve months in various jurisdictions and possible settlements of audit-related issues with taxing authorities in various jurisdictions with respect to which none of the issues are individually significant, the Company believes that it is reasonably possible that the total amount of its net unrecognized income tax benefits will decrease between \$1.5 million and \$2.5 million in the next twelve months.

At June 30, 2018 and December 31, 2017, the Company had \$4.0 million and \$4.3 million of total gross unrecognized tax benefits, respectively that, if recognized, would positively impact the Company's effective income tax rate. The Company's

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continuing practice is to recognize potential interest and/or penalties related to unrecognized tax benefits as part of its income tax expense. At June 30, 2018 and December 31, 2017, the amount of accrued income-tax-related interest and penalties was \$3.7 million and \$4.8 million, respectively.

NOTE 9 – NET INCOME (LOSS) PER SHARE

Basic net income (loss) per share is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share reflects the potential dilution that would occur if securities or other contracts to issue common stock were exercised or converted into common stock.

For the three and six months ended June 30, 2018, 1,528,162 and 1,563,841 common stock equivalents, respectively, related to equity-based awards were not included in the diluted earnings per share calculation as the shares would be antidilutive. Similarly, 852,176 and 1,426,480 common stock equivalents were excluded from the diluted earnings per share calculation for the three and six months ended June 30, 2017, respectively.

| In thousands except per share amounts | Three months ended June 30, | | Six months ended June 30, | |
|---|--------------------------------|------------|------------------------------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| Net income (loss) available to common stockholders: | | | | |
| Income (loss) from continuing operations | \$2,930 | \$(9,995) | \$3,621 | \$8,304 |
| Income (loss) from discontinued operations | — | (960) | 550 | (596) |
| | \$2,930 | \$(10,955) | \$4,171 | \$7,708 |

Weighted average shares:

| | | | | |
|--|---------|---------|---------|---------|
| Basic | 185,183 | 179,241 | 184,777 | 179,071 |
| Effect of stock-based compensation plans | 2,305 | — | 2,780 | 4,049 |
| Diluted | 187,488 | 179,241 | 187,557 | 183,120 |

Basic income (loss) per share:

| | | | | |
|--|--------|-----------|--------|--------|
| Income (loss) from continuing operations | \$0.02 | \$(0.06) | \$0.02 | \$0.05 |
| Income (loss) from discontinued operations | 0.00 | (0.01) | 0.00 | 0.00 |
| Basic ⁽¹⁾ | \$0.02 | \$(0.06) | \$0.02 | \$0.04 |

Diluted income (loss) per share:

| | | | | |
|--|--------|-----------|--------|--------|
| Income (loss) from continuing operations | \$0.02 | \$(0.06) | \$0.02 | \$0.05 |
| Income (loss) from discontinued operations | 0.00 | (0.01) | 0.00 | 0.00 |
| Diluted ⁽¹⁾ | \$0.02 | \$(0.06) | \$0.02 | \$0.04 |

⁽¹⁾ Due to rounding, the sum of net income per share from continuing operations and discontinued operations may not equal net income per share.

NOTE 10 – FAIR VALUE MEASUREMENTS

| In thousands | Three months ended June 30, | | Six months ended June 30, | |
|---|--------------------------------|-------|------------------------------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| Rochester royalty obligation | \$— | \$336 | \$— | \$(864) |
| Interest rate swap | (188) | — | (188) | — |
| Unrealized gain (loss) on equity securities | (8,028) | — | (3,185) | — |
| Realized gain (loss) on equity securities | 5,535 | — | 5,202 | — |
| Zinc options | 219 | — | 363 | — |
| Fair value adjustments, net | \$(2,462) | \$336 | \$2,192 | \$(864) |

Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities

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(Level 1), secondary priority to quoted prices in inactive markets or observable inputs (Level 2), and the lowest priority to unobservable inputs (Level 3).

The following table presents the Company's financial assets and liabilities measured at fair value on a recurring basis (at least annually) by level within the fair value hierarchy. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement:

| In thousands | Fair Value at June 30, 2018 | | | |
|------------------------------------|-----------------------------|----------|---------|----------|
| | Total | Level 1 | Level 2 | Level 3 |
| Assets: | | | | |
| Equity and debt securities | \$23,804 | \$17,577 | \$— | \$6,227 |
| Other derivative instruments, net | 486 | — | 486 | — |
| | \$24,290 | \$17,577 | \$486 | \$6,227 |
| Liabilities: | | | | |
| Silvertip contingent consideration | \$48,616 | \$— | \$— | \$48,616 |
| Other derivative instruments, net | 302 | — | 302 | — |
| | \$48,918 | \$— | \$302 | \$48,616 |

| In thousands | Fair Value at December 31, 2017 | | | |
|------------------------------------|---------------------------------|----------|---------|----------|
| | Total | Level 1 | Level 2 | Level 3 |
| Assets: | | | | |
| Equity and debt securities | \$34,837 | \$27,946 | \$— | \$6,891 |
| Other derivative instruments, net | 251 | — | 251 | — |
| | \$35,088 | \$27,946 | \$251 | \$6,891 |
| Liabilities: | | | | |
| Silvertip contingent consideration | \$47,965 | \$— | \$— | \$47,965 |
| Other derivative instruments, net | 222 | — | 222 | — |
| | \$48,187 | \$— | \$222 | \$47,965 |

The Company's investments in equity securities are recorded at fair market value in the financial statements based primarily on quoted market prices. Such instruments are classified within Level 1 of the fair value hierarchy. Quoted market prices are not available for certain debt securities; these securities are valued using pricing models, which require the use of observable and unobservable inputs, and are classified within Level 3 of the fair value hierarchy. The Company's other derivative instruments, net, include concentrate and certain doré sales contracts, zinc hedges, and interest rate swap which are valued using pricing models with inputs derived from observable market data, including contractual terms, forward market prices, yield curves, credit spreads, and other unobservable inputs. The model inputs can generally be verified and do not involve significant management judgment. Such instruments are classified within Level 2 of the fair value hierarchy.

In July 2017, the Company sold the Endeavor Silver Stream and remaining non-core royalties to Metalla Royalty & Streaming Ltd. ("Metalla") for total consideration of \$13.0 million, including a \$6.7 million convertible debenture. The convertible debenture matures June 30, 2027, bears interest at a rate of 5% payable semi-annually, and is convertible into Metalla shares in connection with future equity financings or asset acquisitions by Metalla at the then-current price to maintain the Company's approximate 19.9% ownership. The fair value of the convertible debenture is estimated based on observable and unobservable data including yield curves and credit spreads. Therefore, the Company classifies the convertible debenture in Level 3 of the fair value hierarchy.

In October 2017, the Company acquired the Silvertip mine from shareholders of JDS Silver Holdings Ltd. The consideration for the Silvertip mine includes two \$25.0 million contingent payments, which are payable in cash and common stock upon reaching a future permitting milestone in 2018 and resource declaration milestone in 2019, respectively. The fair value of the Silvertip contingent consideration is estimated based on an estimated discount rate

of 2.5% for the contingent permitting payment and 2.9% for the contingent resource declaration payment and is classified within Level 3 of the fair value hierarchy.

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No assets or liabilities were transferred between fair value levels in the six months ended June 30, 2018. The following tables present the changes in the fair value of the Company's Level 3 financial assets and liabilities for the three and six months ended June 30, 2018:

| In thousands | Three Months Ended June 30, 2018 | | | | | Balance at the end of the period |
|------------------------------------|--|-------------|-------------|-----------|--|----------------------------------|
| | Balance at the beginning of the period | Revaluation | Settlements | Accretion | | |
| Assets: | | | | | | |
| Equity and debt securities | \$6,314 | \$ (87) | \$ — | \$ — | | \$6,227 |
| Liabilities: | | | | | | |
| Silvertip contingent consideration | \$48,289 | \$ — | \$ — | \$ 327 | | \$48,616 |
| In thousands | Six Months Ended June 30, 2018 | | | | | Balance at the end of the period |
| | Balance at the beginning of the period | Revaluation | Settlements | Accretion | | |
| Assets: | | | | | | |
| Equity and debt securities | \$6,891 | \$ (365) | \$ (299) | \$ — | | \$6,227 |
| Liabilities: | | | | | | |
| Silvertip contingent consideration | \$47,965 | \$ — | \$ — | \$ 651 | | \$48,616 |

The fair value of financial assets and liabilities carried at book value in the financial statements at June 30, 2018 and December 31, 2017 is presented in the following table:

| In thousands | June 30, 2018 | | | | |
|---|---------------|------------|---------|------------|----------|
| | Book Value | Fair Value | Level 1 | Level 2 | Level 3 |
| Assets: | | | | | |
| Manquiri Notes Receivable | \$40,315 | \$40,157 | \$ — | \$ — | \$40,157 |
| Liabilities: | | | | | |
| 5.875% Senior Notes due 2024 ⁽¹⁾ | \$245,471 | \$238,019 | \$ — | -\$238,019 | \$ — |
| Revolving Credit Facility ⁽²⁾ | \$115,000 | \$115,000 | \$ — | -\$115,000 | \$ — |

⁽¹⁾ Net of unamortized debt issuance costs of \$4.5 million.

⁽²⁾ Unamortized debt issuance costs of \$1.7 million included in Other Non-Current Assets.

| In thousands | December 31, 2017 | | | | |
|---|-------------------|------------|---------|------------|---------|
| | Book Value | Fair Value | Level 1 | Level 2 | Level 3 |
| Liabilities: | | | | | |
| 5.875% Senior Notes due 2024 ⁽¹⁾ | \$245,088 | \$243,913 | \$ — | -\$243,913 | \$ — |
| Revolving Credit Facility ⁽²⁾ | \$100,000 | \$100,000 | \$ — | -\$100,000 | \$ — |

⁽¹⁾ Net of unamortized debt issuance costs of \$4.9 million.

⁽²⁾ Unamortized debt issuance costs of \$1.9 million included in Other Non-Current Assets.

The fair value of the Manquiri Notes Receivable is estimated based on observable and unobservable data including yield curves and credit spreads, therefore, the Company classifies the Manquiri Notes Receivable in Level 3 of the fair value hierarchy; see Note 21 -- Discontinued Operations for additional detail. The fair value of the 5.875% Senior Notes due 2024 (the "2024 Senior Notes") was estimated using quoted market prices. The fair value of the Revolving Credit Facility approximates book value as the liability is secured, has a variable interest rate, and lacks significant

credit concerns.

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NOTE 11 – DERIVATIVE FINANCIAL INSTRUMENTS

Provisional Silver and Gold Sales

The Company enters into sales contracts with third-party smelters and refiners which, in some cases, provide for a provisional payment based upon preliminary assays and quoted metal prices. The provisionally priced sales contracts contain an embedded derivative that is required to be separated from the host contract for accounting purposes. The host contract is the receivable recorded at the forward price at the time of sale. The embedded derivatives do not qualify for hedge accounting and are marked to market through earnings each period until final settlement. Changes in silver and gold prices resulted in provisional pricing mark-to-market losses of \$0.3 million and \$20 thousand in the three and six months ended June 30, 2018, respectively.

Zinc Options

At June 30, 2018, the Company has outstanding Asian (or average value) put and call option contracts in net-zero-cost collar arrangements on a volume of 300 metric tons of zinc per month commencing in April 2018 and ending in December 2018. The weighted average strike prices on the put and call contracts are \$3,000 and \$4,050 per metric ton, respectively. The contracts are generally net cash settled and, if the price of zinc at the time of the expiration is between the put and call prices, would expire at no cost to the Company. At June 30, 2018, the fair market value of the put and call zero cost collar contracts was a net asset of \$0.4 million.

During the six months ended June 30, 2018, the Company had recorded unrealized gains of \$0.4 million related to outstanding options which were included in Fair value adjustments, net. At June 30, 2017, the Company had no outstanding options contracts.

Interest Rate Swap

The Company is a party to an interest rate swap contract in which it will receive variable-rate interest and pay fixed-rate interest. The Company uses this instrument to manage its exposure to changes in interest rates related to its Revolving Credit Facility (see Note 18 -- Debt). The interest rate swap derivative instrument is not designated as a hedge from an accounting standpoint and hedge accounting is not applied. The notional amount is used to measure interest to be paid or received. The interest rate swap derivative instrument is effective June 2018 with a contractual term of twelve months and net settles monthly.

At June 30, 2018, the Company had the following derivative instruments that settle as follows:

| In thousands except average prices and notional ounces | 2018 | Thereafter |
|--|-----------|------------|
| Provisional gold sales contracts | \$46,485 | \$ — |
| Average gold price per ounce | \$1,299 | \$ — |
| Notional ounces | 35,787 | — |
| Zinc put options purchased | \$5,400 | \$ — |
| Average zinc strike price per metric ton | \$3,000 | \$ — |
| Notional metric tons | 1,800 | — |
| Zinc call options sold | \$(7,290) | \$ — |
| Average zinc strike price per metric ton | \$4,050 | \$ — |
| Notional metric tons | 1,800 | — |
| Fixed interest rate swap payable | \$(1,281) | \$ — |
| Fixed Interest rate | 2.46 % | — |
| Notional dollars | \$50,000 | \$ — |
| Variable interest rate swap receivable | \$1,088 | \$ — |
| Average variable interest rate | 2.09 % | \$ — |
| Notional dollars | \$50,000 | \$ — |

The following summarizes the classification of the fair value of the derivative instruments:

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Coeur Mining, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

| | | June 30, 2018 | | Current | Non-current |
|---|--------|----------------------------|-------------------------------|-------------------------------|-------------------------------|
| In thousands | | Prepaid expenses and other | Accrued liabilities and other | portion of royalty obligation | portion of royalty obligation |
| Provisional silver and gold sales contracts | \$ 123 | \$ 114 | | \$ — | \$ — |
| Zinc options | 363 | — | | — | — |
| Interest rate swaps | — | 188 | | — | — |
| | \$ 486 | \$ 302 | | \$ — | \$ — |
| | | December 31, 2017 | | Current | Non-current |
| In thousands | | Prepaid expenses and other | Accrued liabilities and other | portion of royalty obligation | portion of royalty obligation |
| Provisional silver and gold sales contracts | \$ 251 | \$ 222 | | \$ — | \$ — |

The following represent mark-to-market gains (losses) on derivative instruments for the three and six months ended June 30, 2018, respectively (in thousands):

| | | Three months ended June 30, | | Six months ended June 30, | |
|-----------------------------|---|-----------------------------|----------|---------------------------|--------|
| Financial statement line | Derivative | 2018 | 2017 | 2018 | 2017 |
| Revenue | Provisional silver and gold sales contracts | \$ (273) | \$ (763) | \$ (20) | \$ 449 |
| Fair value adjustments, net | Zinc options | 219 | — | 363 | — |
| Fair value adjustments, net | Interest rate swaps | (188) | — | (188) | — |
| | | \$ (242) | \$ (763) | \$ 155 | \$ 449 |

Credit Risk

The credit risk exposure related to any derivative instrument is limited to the unrealized gains, if any, on outstanding contracts based on current market prices. To reduce counter-party credit exposure, the Company enters into contracts with institutions management deems credit-worthy and limits credit exposure to each institution. The Company does not anticipate non-performance by any of its counterparties.

NOTE 12 – ACQUISITIONS

In October 2017, the Company completed the acquisition of JDS Silver Holdings Ltd. and its wholly-owned subsidiary JDS Silver Inc. (together, “JDS Silver”) which, following the closing of the acquisition, were amalgamated with a subsidiary of Coeur to form Coeur Silvertip Holdings Ltd., which owns the underground Silvertip silver-zinc-lead mine in northern British Columbia, Canada. JDS Silver was purchased for approximately \$153.2 million in cash and \$36.0 million in Coeur common stock. In addition, the Company recorded \$47.7 million of contingent consideration payable in cash and common stock upon reaching future permitting and resource declaration milestones. The cash consideration was funded with \$100.0 million of borrowing under the Facility (as defined in Note 18 -- Debt) and cash on hand. Upon closing, the Company issued approximately 4.2 million Coeur shares to former shareholders of JDS Silver Holdings Ltd. The acquisition aligns with the Company’s strategic shift to a North America-focused mining portfolio.

The transaction was accounted for as a business combination, which requires that assets acquired and liabilities assumed be recognized at their respective fair values at the acquisition date. The acquisition is not significant to the Company’s results of operations, individually or in the aggregate, because the Silvertip mine is in pre-production. As there are no significant differences from the Company’s historical results of operations, no pro forma financial information is provided.

The allocation of purchase price to the acquired assets and liabilities assumed is preliminary as of June 30, 2018 and subsequent adjustments may result in changes to mineral interest and other carrying amounts initially assigned based on the preliminary fair value analysis. The principal remaining items to be valued are property, plant and equipment and mining properties, which will be finalized as management continues to review the valuation methodologies used to estimate the fair value of these assets. The preliminary purchase price allocation is as follows (in thousands):

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Coeur Mining, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

| | |
|--|-----------|
| Common shares issued (4,191,679 at \$8.59) | \$36,007 |
| Cash | 153,194 |
| Contingent consideration | 47,705 |
| Total purchase price ⁽¹⁾ | \$236,906 |
| Assets: | |
| Receivables and other assets | \$6,828 |
| Property, plant, and equipment | 29,943 |
| Mining properties, net | 288,464 |
| | 325,235 |
| Liabilities: | |
| Accounts payable and accrued liabilities | 13,077 |
| Asset retirement obligation | 6,982 |
| Debt and capital lease | 20,149 |
| Deferred income taxes | 48,121 |
| | 88,329 |
| Net assets acquired | \$236,906 |

⁽¹⁾ Purchase price has been adjusted for restricted cash acquired due to the adoption of ASU 2016-01.

NOTE 13 – INVESTMENTS

Equity and Debt Securities

The Company makes strategic investments in equity and debt securities of silver and gold exploration and development companies.

| In thousands | At June 30, 2018 | | | |
|----------------------------------|------------------|-------------------------------|------------------------------|-------------------------|
| | Cost | Gross Unrealized Losses | Gross Unrealized Gains | Estimated Fair Value |
| Equity Securities | | | | |
| Metalla Royalty & Streaming Ltd. | 6,294 | — | 2,228 | 8,522 |
| Northern Empire Resources Corp. | 4,489 | — | 2,298 | 6,787 |
| Rockhaven Resources, Ltd. | 2,064 | (623) | — | 1,441 |
| Other | 1,441 | (634) | 20 | 827 |
| Equity securities | \$14,288 | \$ (1,257) | \$ 4,546 | \$ 17,577 |
| Debt Securities | | | | |
| Metalla Royalty & Streaming Ltd. | \$6,677 | \$ (450) | \$ — | \$ 6,227 |
| Equity and debt securities | \$20,965 | \$ (1,707) | \$ 4,546 | \$ 23,804 |

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Coeur Mining, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

| In thousands | At December 31, 2017 | | | |
|----------------------------------|----------------------|-------------------------------|------------------------------|-------------------------|
| | Cost | Gross Unrealized Losses | Gross Unrealized Gains | Estimated Fair Value |
| Equity Securities | | | | |
| Metalla Royalty & Streaming Ltd. | \$6,294 | \$ — | \$ 1,354 | \$ 7,648 |
| Corvus Gold Inc. | 3,582 | — | 4,518 | 8,100 |
| Almaden Minerals, Ltd. | 3,125 | (235) | — | 2,890 |
| Northern Empire Resources Corp. | 4,489 | — | 1,077 | 5,566 |
| Rockhaven Resources, Ltd. | 2,064 | (193) | — | 1,871 |
| Kootenay Silver, Inc. | 738 | — | 1 | 739 |
| Other | 1,479 | (453) | 405 | 1,431 |
| Equity securities | \$21,771 | \$ (881) | \$ 7,355 | \$ 28,245 |
| Debt Securities | | | | |
| Metalla Royalty & Streaming Ltd. | \$6,677 | \$ (85) | \$ — | \$ 6,592 |
| Equity and debt securities | \$28,448 | \$ (966) | \$ 7,355 | \$ 34,837 |

The following table presents the disaggregated gain (loss) on equity securities recognized in Income (loss) from continuing operations on the Condensed Consolidated Statements of Comprehensive Income:

| In thousands | Three months ended June 30, | | Six months ended June 30, | |
|----------------------------|--------------------------------|--------|------------------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Net gain (loss) | \$(2,493) | \$203 | \$2,017 | \$(1,268) |
| Less: Realized (gain) loss | (5,535) | (203) | (5,202) | 1,268 |
| Unrealized gain (loss) | \$(8,028) | \$— | \$(3,185) | \$— |

The Company performs a quarterly assessment on its debt securities with unrealized losses to determine if the securities are other than temporarily impaired. The following table summarizes unrealized losses on debt securities for which other-than-temporary impairments have not been recognized and the fair values of those securities, aggregated by the length of time the individual securities have been in a continuous unrealized loss position, at June 30, 2018:

| In thousands | Less than twelve months | Twelve months or more | Total |
|-----------------|-------------------------------|-----------------------------|----------------------|
| | Unrealized Losses | Unrealized Losses | Unrealized Losses |
| Debt securities | 363 | 6,314 | 363 6,314 |

Restricted Assets

The Company, under the terms of its self-insurance and bonding agreements with certain banks, lending institutions and regulatory agencies, is required to collateralize certain portions of its asset retirement 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 applicable institutions or agencies. At June 30, 2018 and December 31, 2017, the Company held certificates of deposit and cash equivalents under these agreements of \$21.6 million and \$20.8 million, respectively. The ultimate timing of the release of the collateralized amounts is dependent on the timing and closure of each mine and repayment of the obligation. 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 is able to secure alternative financial assurance satisfactory to the regulatory agencies. The Company believes the collateral will remain in place beyond a twelve-month period and has therefore classified these investments as long-term.

Coeur Mining, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

NOTE 14 – RECEIVABLES

Receivables consist of the following:

| In thousands | June 30, December 31, | |
|----------------------------|-----------------------|-----------|
| | 2018 | 2017 |
| Current receivables: | | |
| Trade receivables | \$6,437 | \$ 5,883 |
| Value added tax receivable | 15,602 | 10,982 |
| Manquiri Notes Receivable | 16,267 | — |
| Other | 2,453 | 2,204 |
| | \$40,759 | \$ 19,069 |
| Non-current receivables: | | |
| Value added tax receivable | \$28,999 | \$ 28,750 |
| Manquiri Notes Receivable | 24,047 | — |
| | 53,046 | 28,750 |
| Total receivables | \$93,805 | \$ 47,819 |

The increase in receivables is due to the recognition of the Manquiri Notes Receivable as consideration for the sale of San Bartolomé. See Note 21 -- Discontinued Operations for additional detail.

NOTE 15 – INVENTORY AND ORE ON LEACH PADS

Inventory consists of the following:

| In thousands | June 30, December 31, | |
|---------------------------------------|-----------------------|------------|
| | 2018 | 2017 |
| Inventory: | | |
| Concentrate | \$9,265 | \$ 6,831 |
| Precious metals | 19,299 | 18,803 |
| Supplies | 33,590 | 32,596 |
| | 62,154 | 58,230 |
| Ore on leach pads: | | |
| Current | 75,261 | 73,752 |
| Non-current | 70,043 | 65,393 |
| | 145,304 | 139,145 |
| Total inventory and ore on leach pads | \$207,458 | \$ 197,375 |

NOTE 16 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

| In thousands | June 30, December 31, | |
|---|-----------------------|------------|
| | 2018 | 2017 |
| Land | \$9,127 | \$ 9,408 |
| Facilities and equipment | 559,454 | 554,160 |
| Assets under capital leases | 99,228 | 82,753 |
| | 667,809 | 646,321 |
| Accumulated amortization ⁽¹⁾ | (464,812) | (448,001) |
| | 202,997 | 198,320 |
| Construction in progress | 70,340 | 56,417 |
| Property, plant and equipment, net | \$273,337 | \$ 254,737 |

(1) Includes \$39.7 million and \$28.2 million of accumulated amortization related to assets under capital leases at June 30, 2018 and December 31, 2017, respectively.

Coeur Mining, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

NOTE 17 – MINING PROPERTIES

Mining properties consist of the following (in thousands):

| June 30, 2018 | Palmarejo | Rochester | Silvertip | Kensington | Wharf | La Preciosa | Other | Total |
|--------------------------|------------|------------|-----------|------------|-----------|-------------|------------|------------|
| Mine development | \$227,048 | \$196,182 | \$93,325 | \$315,097 | \$41,041 | \$— | \$— | \$872,693 |
| Accumulated amortization | (155,239) | (147,968) | — | (186,204) | (17,240) | — | — | (506,651) |
| | 71,809 | 48,214 | 93,325 | 128,893 | 23,801 | — | — | 366,042 |
| Mineral interests | 629,303 | — | 245,116 | — | 45,837 | 49,085 | 7,102 | 976,443 |
| Accumulated amortization | (455,346) | — | — | — | (25,343) | — | (417) | (481,106) |
| | 173,957 | — | 245,116 | — | 20,494 | 49,085 | 6,685 | 495,337 |
| Mining properties, net | \$245,766 | \$48,214 | \$338,441 | \$128,893 | \$44,295 | \$49,085 | \$6,685 | \$861,379 |
| December 31, 2017 | Palmarejo | Rochester | Silvertip | Kensington | Wharf | La Preciosa | Total | |
| Mine development | \$214,383 | \$193,881 | \$57,214 | \$298,749 | \$40,618 | \$— | \$804,845 | |
| Accumulated amortization | (146,598) | (144,390) | — | (178,632) | (15,748) | — | (485,368) | |
| | 67,785 | 49,491 | 57,214 | 120,117 | 24,870 | — | 319,477 | |
| Mineral interests | 629,303 | — | 245,116 | — | 45,837 | 49,085 | 969,341 | |
| Accumulated amortization | (435,215) | — | — | — | (24,034) | — | (459,249) | |
| | 194,088 | — | 245,116 | — | 21,803 | 49,085 | 510,092 | |
| Mining properties, net | \$261,873 | \$49,491 | \$302,330 | \$120,117 | \$46,673 | \$49,085 | \$829,569 | |

In February 2018, the Company completed the sale of Manquiri, which operates the San Bartolomé mine. Pursuant to the terms of the agreement, the Company received, among other consideration, a 2.0% net smelter returns royalty. Coeur estimates the value of this net smelter returns royalty to be approximately \$7.1 million, which is included in Other. See Note 21 -- Discontinued Operations for additional detail.

The Silvertip mine is expected to reach commercial production in the third quarter of 2018. The determination of commercial production (or ready for intended use) is based on many factors requiring the exercise of judgment. Factors that are considered when determining if intended use has been achieved include achievement of continuous production or other output, mineral recoveries at or near expected levels, the absence of routine take-downs of the plant to address commissioning issues and fix problems, and the release of the commissioning team. Prior to commercial production, costs related to mine development, construction of long-lived assets, and inventory are capitalized; all other costs are expensed in the period incurred. Amortization of mining properties will commence when the mine has been determined to be in commercial production.

NOTE 18 – DEBT

| In thousands | June 30, 2018 | | December 31, 2017 | |
|--|---------------|-------------|-------------------|-------------|
| | Current | Non-Current | Current | Non-Current |
| 2024 Senior Notes, net ⁽¹⁾ | \$— | \$245,471 | \$— | \$245,088 |
| Revolving Credit Facility ⁽²⁾ | — | 115,000 | — | 100,000 |
| Capital lease obligations | 21,745 | 37,503 | 16,559 | 35,481 |
| Silvertip debt obligation | — | — | 14,194 | — |
| | \$21,745 | \$397,974 | \$30,753 | \$380,569 |

⁽¹⁾ Net of unamortized debt issuance costs of \$4.5 million and \$4.9 million at June 30, 2018 and December 31, 2017, respectively.

⁽²⁾ Unamortized debt issuance costs of \$1.7 million and \$1.9 million at June 30, 2018 and December 31, 2017, respectively, included in Other Non-Current Assets.

Coeur Mining, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

5.875% Senior Notes due 2024

In May 2017, the Company completed an offering of \$250.0 million in aggregate principal amount of 2024 Senior Notes in a private placement conducted pursuant to Rule 144A and Regulation S under the Securities Act of 1933, as amended, for net proceeds of approximately \$245.0 million. The 2024 Senior Notes bear interest at a rate of 5.875% per year from the date of issuance. Interest on the 2024 Senior Notes is payable semi-annually in arrears on June 1 and December 1 of each year. The 2024 Senior Notes will mature on June 1, 2024 and are fully and unconditionally guaranteed by the Guarantors.

Revolving Credit Facility

In September 2017, the Company, as borrower, and certain subsidiaries of the Company, as guarantors, entered into a Credit Agreement (the "Credit Agreement") with Bank of America, N.A, Royal Bank of Canada, Bank of Montreal, and the Bank of Nova Scotia. The Credit Agreement provides for a \$200.0 million senior secured revolving credit facility (the "Facility"), which may be increased by up to \$50.0 million in incremental loans and commitments subject to the terms of the Credit Agreement. The Facility has a term of four years. Loans under the Facility will bear interest at a rate equal to either a base rate plus a margin ranging from 1.00% to 1.75% or an adjusted LIBOR rate plus a margin ranging from 2.00% to 2.75%, as selected by the Company, in each case, with such margin determined in accordance with a pricing grid based upon the Company's consolidated net leverage ratio as of the end of the applicable period. At June 30, 2018, the Company had \$73.0 million available under the Facility; \$15.0 million was drawn to repay the third-party debt obligation at Silvertip as described below, \$100.0 million was drawn to partially fund the Silvertip acquisition in 2017, and \$12.0 million currently supports outstanding letters of credit. At June 30, 2018, the interest rate of the Facility was 4.335%. The Company has swapped \$50,000,000 of variable rate debt on the Facility to fixed rate debt through an interest rate swap.

Silvertip Debt Obligation

The Company assumed an existing third-party debt obligation as part of the Silvertip acquisition. In February 2018, the Company voluntarily terminated and repaid the remaining debt obligation of \$12.6 million.

Capital Lease Obligations

From time to time, the Company acquires mining equipment under capital lease agreements. In the six months ended June 30, 2018, the Company entered into new lease financing arrangements primarily for mining equipment at Rochester, Palmarejo, Silvertip and Kensington. All capital lease obligations are recorded, upon lease inception, at the present value of future minimum lease payments.

Interest Expense

| In thousands | Three months ended June 30, | | Six months ended June 30, | |
|---|-----------------------------|---------|---------------------------|----------|
| | 2018 | 2017 | 2018 | 2017 |
| 2024 Senior Notes | \$3,672 | \$1,265 | \$7,344 | \$1,265 |
| 2021 Senior Notes | — | 2,717 | — | 6,221 |
| Revolving Credit Facility | 1,369 | — | 2,521 | — |
| Capital lease obligations | 515 | 383 | 1,039 | 689 |
| Amortization of debt issuance costs | 324 | 172 | 649 | 338 |
| Accretion of debt premium | — | (28) | — | (71) |
| Accretion of Silvertip contingent consideration | 327 | — | 651 | — |
| Other debt obligations | 6 | 9 | 114 | 18 |
| Capitalized interest | (195) | (774) | (335) | (1,137) |
| Total interest expense, net of capitalized interest | \$6,018 | \$3,744 | \$11,983 | \$7,323 |

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Notes to Condensed Consolidated Financial Statements

NOTE 19 - SUPPLEMENTAL GUARANTOR INFORMATION

The following Consolidating Financial Statements are presented to satisfy disclosure requirements of Rule 3-10 of Regulation S-X resulting from the guarantees by Coeur Alaska, Inc., Coeur Explorations, Inc., Coeur Rochester, Inc., Coeur South America Corp., Wharf Resources (U.S.A.), Inc. and its subsidiaries, and Coeur Capital, Inc. (collectively, the “Subsidiary Guarantors”) of the 2024 Senior Notes. The following schedules present Consolidating Financial Statements of (a) Coeur, the parent company; (b) the Subsidiary Guarantors; and (c) certain wholly-owned domestic and foreign subsidiaries of the Company (collectively, the “Non-Guarantor Subsidiaries”). Each of the Subsidiary Guarantors is 100% owned by Coeur and the guarantees are full and unconditional and joint and several obligations. There are no restrictions on the ability of Coeur to obtain funds from the Subsidiary Guarantors by dividend or loan.

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)

THREE MONTHS ENDED JUNE 30, 2018

| In thousands | Coeur Mining, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|--------------------|------------------------|----------------------------|---------------------|-----------------|
| Revenue | \$— | \$ 99,243 | \$ 70,744 | \$— | \$ 169,987 |
| COSTS AND EXPENSES | | | | | |
| Costs applicable to sales ⁽¹⁾ | — | 77,935 | 30,311 | — | 108,246 |
| Amortization | 236 | 14,587 | 14,636 | — | 29,459 |
| General and administrative | 7,634 | 9 | 7 | — | 7,650 |
| Exploration | 326 | 2,799 | 3,304 | — | 6,429 |
| Pre-development, reclamation, and other | 204 | 1,988 | 1,428 | — | 3,620 |
| Total costs and expenses | 8,400 | 97,318 | 49,686 | — | 155,404 |
| OTHER INCOME (EXPENSE), NET | | | | | |
| Fair value adjustments, net | (2,356) | (106) | — | — | (2,462) |
| Other, net | 4,829 | 513 | (902) | (3,896) | 544 |
| Interest expense, net of capitalized interest | (5,258) | (367) | (4,289) | 3,896 | (6,018) |
| Total other income (expense), net | (2,785) | 40 | (5,191) | — | (7,936) |
| Income (loss) from continuing operations before income and mining taxes | (11,185) | 1,965 | 15,867 | — | 6,647 |
| Income and mining tax (expense) benefit | (922) | (1,388) | (1,407) | — | (3,717) |
| Income (loss) from continuing operations | (12,107) | 577 | 14,460 | — | 2,930 |
| Equity income (loss) in consolidated subsidiaries | 15,036 | (28) | (246) | (14,762) | — |
| Income (loss) from discontinued operations | — | — | — | — | — |
| NET INCOME (LOSS) | \$2,929 | \$ 549 | \$ 14,214 | \$ (14,762) | \$ 2,930 |
| OTHER COMPREHENSIVE INCOME (LOSS), net of tax: | | | | | |
| Unrealized gain (loss) on debt securities, net of tax | (87) | — | — | — | (87) |
| COMPREHENSIVE INCOME (LOSS) | \$2,842 | \$ 549 | \$ 14,214 | \$ (14,762) | \$ 2,843 |

(1) Excludes amortization.

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)

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Coeur Mining, Inc. and Subsidiaries
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THREE MONTHS ENDED JUNE 30, 2017

| In thousands | Coeur Mining, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated | |
|--|--------------------|------------------------|----------------------------|--------------------|---------------------|----------|
| Revenue | \$— | \$ 95,371 | \$ 54,169 | \$ — | \$ 149,540 | |
| COSTS AND EXPENSES | | | | | | |
| Costs applicable to sales ⁽¹⁾ | — | 67,916 | 34,313 | — | 102,229 | |
| Amortization | 298 | 15,835 | 14,601 | — | 30,734 | |
| General and administrative | 6,960 | (4 |) 69 | — | 7,025 | |
| Exploration | 395 | 3,217 | 4,201 | — | 7,813 | |
| Pre-development, reclamation, and other | 598 | 1,890 | 1,597 | — | 4,085 | |
| Total costs and expenses | 8,251 | 88,854 | 54,781 | — | 151,886 | |
| OTHER INCOME (EXPENSE), NET | | | | | | |
| Loss on debt extinguishments | (9,342 |) — | — | — | (9,342 |) |
| Fair value adjustments, net | — | 336 | — | — | 336 | |
| Other, net | 2,000 | 2,477 | 909 | (1,412 |) 3,974 | |
| Interest expense, net of capitalized interest | (3,377 |) (264 |) (1,515 |) 1,412 | (3,744 |) |
| Total other income (expense), net | (10,719 |) 2,549 | (606 |) — | (8,776 |) |
| Income (loss) from continuing operations before income and mining taxes | (18,970 |) 9,066 | (1,218 |) — | (11,122 |) |
| Income and mining tax (expense) benefit | 3,395 | (938 |) (1,330 |) — | 1,127 | |
| Income (loss) from continuing operations | (15,575 |) 8,128 | (2,548 |) — | (9,995 |) |
| Equity income (loss) in consolidated subsidiaries | 4,620 | 1,139 | (238 |) (5,521 |) — | |
| Income (loss) from discontinued operations | — | — | (960 |) — | (960 |) |
| NET INCOME (LOSS) | \$(10,955) | \$ 9,267 | \$ (3,746 |) \$ (5,521 |) \$ (10,955 |) |
| OTHER COMPREHENSIVE INCOME (LOSS), net of tax: | | | | | | |
| Unrealized gain (loss) on debt securities, net of tax | (18 |) (469 |) — | 469 | (18 |) |
| Reclassification adjustments for impairment of equity securities, net of tax | 305 | 305 | — | (305 |) 305 | |
| Reclassification adjustments for realized gain (loss) on sale of equity securities, net of tax | (203 |) (203 |) — | 203 | (203 |) |
| Other comprehensive income (loss) | 84 | (367 |) — | 367 | 84 | |
| COMPREHENSIVE INCOME (LOSS) | \$(10,871) | \$ 8,900 | \$ (3,746 |) \$ (5,154 |) \$ (10,871 |) |

(1) Excludes amortization.

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Coeur Mining, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
THREE MONTHS ENDED JUNE 30, 2018

| In thousands | Coeur Mining, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|--------------------|------------------------|----------------------------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Cash provided by (used in) activities of continuing operations | \$8,363 | \$ 20,720 | \$ (15,615) | \$ (14,762) | (1,294) |
| Cash provided by (used in) activities of discontinued operations | — | — | — | — | — |
| CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | 8,363 | 20,720 | (15,615) | (14,762) | (1,294) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Capital expenditures | (101) | (12,537) | (28,527) | — | (41,165) |
| Proceeds from the sale of assets | 23 | 73 | — | — | 96 |
| Purchase of investments | (39) | — | — | — | (39) |
| Sales of investments | 10,753 | 388 | — | — | 11,141 |
| Other | (79) | 109 | (63) | — | (33) |
| Investments in consolidated subsidiaries | (15,037) | 28 | 247 | 14,762 | — |
| Cash provided by (used in) activities of continuing operations | (4,480) | (11,939) | (28,343) | 14,762 | (30,000) |
| Cash provided by (used in) activities of discontinued operations | — | — | — | — | — |
| CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | (4,480) | (11,939) | (28,343) | 14,762 | (30,000) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | |
| Payments on debt, capital leases, and associated costs | — | (2,532) | (1,841) | — | (4,373) |
| Net intercompany financing activity | (13,987) | 3,354 | 10,633 | — | — |
| Other | (233) | — | — | — | (233) |
| Cash provided by (used in) activities of continuing operations | (14,220) | 822 | 8,792 | — | (4,606) |
| Cash provided by (used in) activities of discontinued operations | — | — | — | — | — |
| CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | (14,220) | 822 | 8,792 | — | (4,606) |
| Effect of exchange rate changes on cash and cash equivalents | — | (6) | (169) | — | (175) |
| Less net cash provided by (used in) discontinued operations | — | — | — | — | — |
| NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH | (10,337) | 9,597 | (35,335) | — | (36,075) |
| Cash, cash equivalents and restricted cash at beginning of period | 34,569 | 30,603 | 106,929 | — | 172,101 |
| Cash, cash equivalents and restricted cash at end of period | \$24,232 | \$ 40,200 | \$ 71,594 | \$ — | \$ 136,026 |

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Coeur Mining, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
THREE MONTHS ENDED JUNE 30, 2017

| In thousands | Coeur Mining, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|--------------------|------------------------|----------------------------|-----------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Cash provided by (used in) activities of continuing operations | \$ (5,005) | \$ 14,844 | \$ 19,787 | \$ (5,521) | 24,105 |
| Cash provided by (used in) activities of discontinued operations | — | — | 5,175 | — | 5,175 |
| CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | (5,005) | 14,844 | 24,962 | (5,521) | 29,280 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Capital expenditures | (989) | (23,937) | (12,181) | — | (37,107) |
| Proceeds from the sale of assets | 1 | 443 | (8) | — | 436 |
| Purchase of investments | (8,948) | — | — | — | (8,948) |
| Sales of investments | — | 898 | — | — | 898 |
| Other | 9 | — | (61) | — | (52) |
| Investments in consolidated subsidiaries | (550) | 823 | 240 | (513) | — |
| Cash provided by (used in) activities of continuing operations | (10,477) | (21,773) | (12,010) | (513) | (44,773) |
| Cash provided by (used in) activities of discontinued operations | — | — | (375) | — | (375) |
| CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | (10,477) | (21,773) | (12,385) | (513) | (45,148) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | |
| Issuance of notes and bank borrowings | 244,958 | — | — | — | 244,958 |
| Payments on debt, capital leases, and associated costs | (185,538) | (2,021) | (1,351) | — | (188,910) |
| Net intercompany financing activity | (6,680) | 10,886 | (10,240) | 6,034 | — |
| Other | (473) | — | — | — | (473) |
| Cash provided by (used in) activities of continuing operations | 52,267 | 8,865 | (11,591) | 6,034 | 55,575 |
| Cash provided by (used in) activities of discontinued operations | — | — | (21) | — | (21) |
| CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | 52,267 | 8,865 | (11,612) | 6,034 | 55,554 |
| Effect of exchange rate changes on cash and cash equivalents | — | — | 328 | — | 328 |
| Less net cash provided by (used in) discontinued operations | — | — | (338) | — | (338) |
| NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH | 36,785 | 1,936 | 1,631 | — | 40,352 |
| Cash, cash equivalents and restricted cash at beginning of period | 76,923 | 45,976 | 47,558 | — | 170,457 |
| Cash, cash equivalents and restricted cash at end of period | \$ 113,708 | \$ 47,912 | \$ 49,189 | \$ — | \$ 210,809 |

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Coeur Mining, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)
SIX MONTHS ENDED JUNE 30, 2018

| In thousands | Coeur Mining, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|--------------------|------------------------|----------------------------|---------------------|-----------------|
| Revenue | \$— | \$ 192,473 | \$ 140,781 | \$ — | \$ 333,254 |
| COSTS AND EXPENSES | | | | | |
| Costs applicable to sales ⁽¹⁾ | — | 146,180 | 61,406 | — | 207,586 |
| Amortization | 482 | 28,792 | 30,962 | — | 60,236 |
| General and administrative | 16,431 | 12 | 11 | — | 16,454 |
| Exploration | 785 | 5,044 | 7,283 | — | 13,112 |
| Pre-development, reclamation, and other | 610 | 3,935 | 3,300 | — | 7,845 |
| Total costs and expenses | 18,308 | 183,963 | 102,962 | — | 305,233 |
| OTHER INCOME (EXPENSE), NET | | | | | |
| Fair value adjustments, net | 2,590 | (398) | — | — | 2,192 |
| Other, net | 9,304 | 376 | (1,008) | (7,615) | 1,057 |
| Interest expense, net of capitalized interest | (10,341) | (720) | (8,537) | 7,615 | (11,983) |
| Total other income (expense), net | 1,553 | (742) | (9,545) | — | (8,734) |
| Income (loss) from continuing operations before income and mining taxes | (16,755) | 7,768 | 28,274 | — | 19,287 |
| Income and mining tax (expense) benefit | 716 | (2,508) | (13,874) | — | (15,666) |
| Income (loss) from continuing operations | (16,039) | 5,260 | 14,400 | — | 3,621 |
| Equity income (loss) in consolidated subsidiaries | 19,200 | (66) | (416) | (18,718) | — |
| Income (loss) from discontinued operations | 1,010 | (284) | (176) | — | 550 |
| NET INCOME (LOSS) | \$4,171 | \$ 4,910 | \$ 13,808 | \$ (18,718) | \$ 4,171 |
| OTHER COMPREHENSIVE INCOME (LOSS), net of tax: | | | | | |
| Unrealized gain (loss) on debt securities, net of tax | (365) | — | — | — | (365) |
| COMPREHENSIVE INCOME (LOSS) | \$3,806 | \$ 4,910 | \$ 13,808 | \$ (18,718) | \$ 3,806 |

(1) Excludes amortization.

Coeur Mining, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)
SIX MONTHS ENDED JUNE 30, 2017

| In thousands | Coeur Mining, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|--------------------|------------------------|----------------------------|--------------------|-----------------|
| Revenue | \$— | \$ 202,565 | \$ 132,529 | \$— | \$ 335,094 |
| COSTS AND EXPENSES | | | | | |
| Costs applicable to sales ⁽¹⁾ | — | 139,118 | 77,601 | — | 216,719 |
| Amortization | 622 | 33,939 | 34,866 | — | 69,427 |
| General and administrative | 17,066 | 20 | 64 | — | 17,150 |
| Exploration | 731 | 4,944 | 7,390 | — | 13,065 |
| Pre-development, reclamation, and other | 773 | 3,671 | 3,478 | — | 7,922 |
| Total costs and expenses | 19,192 | 181,692 | 123,399 | — | 324,283 |
| OTHER INCOME (EXPENSE), NET | | | | | |
| Loss on debt extinguishments | (9,342) | — | — | — | (9,342) |
| Fair value adjustments, net | — | (864) | — | — | (864) |
| Other, net | 17,222 | 7,935 | 2,442 | (2,826) | 24,773 |
| Interest expense, net of capitalized interest | (6,656) | (439) | (3,054) | 2,826 | (7,323) |
| Total other income (expense), net | 1,224 | 6,632 | (612) | — | 7,244 |
| Income (loss) from continuing operations before income and mining taxes | (17,968) | 27,505 | 8,518 | — | 18,055 |
| Income and mining tax (expense) benefit | 4,983 | (3,372) | (11,362) | — | (9,751) |
| Income (loss) from continuing operations | (12,985) | 24,133 | (2,844) | — | 8,304 |
| Equity income (loss) in consolidated subsidiaries | 20,693 | 1,209 | (305) | (21,597) | — |
| Income (loss) from discontinued operations | — | — | (596) | — | (596) |
| NET INCOME (LOSS) | \$7,708 | \$ 25,342 | \$ (3,745) | \$ (21,597) | \$ 7,708 |
| OTHER COMPREHENSIVE INCOME (LOSS), net of tax: | | | | | |
| Unrealized gain (loss) on debt and equity securities, net of tax | (2,200) | (748) | — | 748 | (2,200) |
| Reclassification adjustments for impairment of equity securities, net of tax | 426 | 426 | — | (426) | 426 |
| Reclassification adjustments for realized loss on sale of equity securities, net of tax | 1,268 | (572) | — | 572 | 1,268 |
| Other comprehensive income (loss) | (506) | (894) | — | 894 | (506) |
| COMPREHENSIVE INCOME (LOSS) | \$7,202 | \$ 24,448 | \$ (3,745) | \$ (20,703) | \$ 7,202 |

(1) Excludes amortization.

Coeur Mining, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2018

| In thousands | Coeur Mining, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|--------------------|------------------------|----------------------------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Cash provided by (used in) activities of continuing operations | \$425 | \$ 26,115 | \$ 6,425 | \$ (18,718) | 14,247 |
| Cash provided by (used in) activities of discontinued operations | — | — | (2,690) | — | (2,690) |
| CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | 425 | 26,115 | 3,735 | (18,718) | 11,557 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Capital expenditures | (184) | (26,878) | (56,448) | — | (83,510) |
| Proceeds from the sale of assets | 23 | 133 | — | — | 156 |
| Purchase of investments | (400) | — | — | — | (400) |
| Sales of investments | 11,820 | 940 | — | — | 12,760 |
| Other | (79) | 109 | (128) | — | (98) |
| Investments in consolidated subsidiaries | (19,199) | 65 | 416 | 18,718 | — |
| Cash provided by (used in) activities of continuing operations | (8,019) | (25,631) | (56,160) | 18,718 | (71,092) |
| Cash provided by (used in) activities of discontinued operations | — | — | (28,470) | — | (28,470) |
| CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | (8,019) | (25,631) | (84,630) | 18,718 | (99,562) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | |
| Issuance of notes and bank borrowings, net of issuance costs | 15,000 | — | — | — | 15,000 |
| Payments on debt, capital leases, and associated costs | — | (4,927) | (17,895) | — | (22,822) |
| Net intercompany financing activity | (34,368) | (7,592) | 41,960 | — | — |
| Other | (4,839) | — | — | — | (4,839) |
| Cash provided by (used in) activities of continuing operations | (24,207) | (12,519) | 24,065 | — | (12,661) |
| Cash provided by (used in) activities of discontinued operations | — | — | (22) | — | (22) |
| CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | (24,207) | (12,519) | 24,043 | — | (12,683) |
| Effect of exchange rate changes on cash and cash equivalents | — | (4) | 386 | — | 382 |
| Less net cash provided by (used in) discontinued operations | — | — | (32,930) | — | (32,930) |
| NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH | (31,801) | (12,039) | (23,536) | — | (67,376) |
| Cash, cash equivalents and restricted cash at beginning of period | 56,033 | 52,239 | 95,130 | — | 203,402 |
| Cash, cash equivalents and restricted cash at end of period | \$24,232 | \$ 40,200 | \$ 71,594 | \$ — | \$ 136,026 |

Coeur Mining, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2017

| In thousands | Coeur Mining, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|--------------------|------------------------|----------------------------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Cash provided by (used in) activities of continuing operations | \$(9,820) | \$ 32,027 | \$ 67,430 | \$ (21,597) | 68,040 |
| Cash provided by (used in) activities of discontinued operations | — | — | 16,510 | — | 16,510 |
| CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | (9,820) | 32,027 | 83,940 | (21,597) | 84,550 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Capital expenditures | (1,308) | (40,912) | (18,478) | — | (60,698) |
| Proceeds from the sale of assets | 8,917 | 6,594 | (56) | — | 15,455 |
| Purchase of investments | (9,964) | — | — | — | (9,964) |
| Sales of investments | 9,157 | 1,761 | — | — | 10,918 |
| Other | 55 | — | (121) | — | (66) |
| Investments in consolidated subsidiaries | (13,004) | 753 | (9,346) | 21,597 | — |
| Cash provided by (used in) activities of continuing operations | (6,147) | (31,804) | (28,001) | 21,597 | (44,355) |
| Cash provided by (used in) activities of discontinued operations | — | — | (763) | — | (763) |
| CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | (6,147) | (31,804) | (28,764) | 21,597 | (45,118) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | |
| Issuance of notes and bank borrowings | 244,958 | — | — | — | 244,958 |
| Payments on debt, capital leases, and associated costs | (185,538) | (3,895) | (2,683) | — | (192,116) |
| Net intercompany financing activity | 7,638 | 1,561 | (9,199) | — | — |
| Other | (3,720) | — | — | — | (3,720) |
| Cash provided by (used in) activities of continuing operations | 63,338 | (2,334) | (11,882) | — | 49,122 |
| Cash provided by (used in) activities of discontinued operations | — | — | (41) | — | (41) |
| CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | 63,338 | (2,334) | (11,923) | — | 49,081 |
| Effect of exchange rate changes on cash and cash equivalents | — | — | 884 | — | 884 |
| Less net cash provided by (used in) discontinued operations | — | — | 5,189 | — | 5,189 |
| NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH | 47,371 | (2,111) | 38,948 | — | 84,208 |
| Cash, cash equivalents and restricted cash at beginning of period | 66,337 | 50,023 | 10,241 | — | 126,601 |
| | \$ 113,708 | \$ 47,912 | \$ 49,189 | \$ — | \$ 210,809 |

Cash, cash equivalents and restricted cash at end of
period

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Coeur Mining, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATING BALANCE SHEET
JUNE 30, 2018

| In thousands | Coeur Mining, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|--------------------------|---------------------------|-------------------------------|----------------------|---------------------|
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | \$ 11,745 | \$ 40,200 | \$ 71,594 | \$— | \$ 123,539 |
| Receivables | 17,522 | 5,430 | 17,807 | — | 40,759 |
| Ore on leach pads | — | 75,261 | — | — | 75,261 |
| Inventory | — | 27,229 | 34,925 | — | 62,154 |
| Prepaid expenses and other | 4,517 | 898 | 6,510 | — | 11,925 |
| | 33,784 | 149,018 | 130,836 | — | 313,638 |
| NON-CURRENT ASSETS | | | | | |
| Property, plant and equipment, net | 3,006 | 169,624 | 100,707 | — | 273,337 |
| Mining properties, net | 6,685 | 221,403 | 633,291 | — | 861,379 |
| Ore on leach pads | — | 70,043 | — | — | 70,043 |
| Restricted assets | 14,361 | 227 | 7,047 | — | 21,635 |
| Equity and debt securities | 23,710 | 94 | — | — | 23,804 |
| Receivables | 24,047 | — | 28,999 | — | 53,046 |
| Net investment in subsidiaries | 458,186 | 304 | 448 | (458,938) | — |
| Other | 299,038 | 11,923 | 3,774 | (295,713) | 19,022 |
| TOTAL ASSETS | \$ 862,817 | \$ 622,636 | \$ 905,102 | \$(754,651) | \$ 1,635,904 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | |
| CURRENT LIABILITIES | | | | | |
| Accounts payable | \$ 1,603 | \$ 21,982 | \$ 29,843 | \$— | \$ 53,428 |
| Other accrued liabilities | 7,320 | 12,781 | 41,563 | — | 61,664 |
| Debt | — | 14,956 | 6,789 | — | 21,745 |
| Reclamation | — | 2,313 | 1,464 | — | 3,777 |
| | 8,923 | 52,032 | 79,659 | — | 140,614 |
| NON-CURRENT LIABILITIES | | | | | |
| Debt | 360,471 | 30,503 | 302,713 | (295,713) | 397,974 |
| Reclamation | — | 84,595 | 36,669 | — | 121,264 |
| Deferred tax liabilities | 4,758 | 4,867 | 93,001 | — | 102,626 |
| Other long-term liabilities | 2,606 | 2,733 | 49,316 | — | 54,655 |
| Intercompany payable (receivable) | (332,713) | 311,987 | 20,726 | — | — |
| | 35,122 | 434,685 | 502,425 | (295,713) | 676,519 |
| STOCKHOLDERS' EQUITY | | | | | |
| Common stock | 1,871 | 19,630 | 195,020 | (214,650) | 1,871 |
| Additional paid-in capital | 3,357,318 | 144,724 | 1,902,610 | (2,047,334) | 3,357,318 |
| Accumulated deficit | (2,539,967) | (28,435) | (1,774,612) | 1,803,046 | (2,539,968) |
| Accumulated other comprehensive income (loss) | (450) | — | — | — | (450) |
| | 818,772 | 135,919 | 323,018 | (458,938) | 818,771 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 862,817 | \$ 622,636 | \$ 905,102 | \$(754,651) | \$ 1,635,904 |

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Coeur Mining, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2017

| In thousands | Coeur Mining, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated | |
|---|--------------------------|---------------------------|-------------------------------|--------------------|---------------------|---|
| ASSETS | | | | | | |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents | \$44,662 | \$ 52,239 | \$ 95,131 | \$— | \$ 192,032 | |
| Receivables | 137 | 7,922 | 11,010 | — | 19,069 | |
| Ore on leach pads | — | 73,752 | — | — | 73,752 | |
| Inventory | — | 29,769 | 28,461 | — | 58,230 | |
| Prepaid expenses and other | 7,824 | 2,816 | 4,413 | — | 15,053 | |
| Assets held for sale | — | — | 91,421 | — | 91,421 | |
| | 52,623 | 166,498 | 230,436 | — | 449,557 | |
| NON-CURRENT ASSETS | | | | | | |
| Property, plant and equipment, net | 4,007 | 161,487 | 89,243 | — | 254,737 | |
| Mining properties, net | — | 216,281 | 613,288 | — | 829,569 | |
| Ore on leach pads | — | 65,393 | — | — | 65,393 | |
| Restricted assets | 13,251 | 227 | 7,369 | — | 20,847 | |
| Equity and debt securities | 33,569 | 1,268 | — | — | 34,837 | |
| Receivables | — | — | 28,750 | — | 28,750 | |
| Net investment in subsidiaries | 422,074 | 223 | (18 |) (422,279 |) — | |
| Other | 320,335 | 11,040 | 2,854 | (316,744 |) 17,485 | |
| TOTAL ASSETS | \$845,859 | \$ 622,417 | \$ 971,922 | \$(739,023) | \$ 1,701,175 | |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Accounts payable | \$3,607 | \$ 24,534 | \$ 20,451 | \$— | \$ 48,592 | |
| Other accrued liabilities | 13,205 | 19,262 | 62,463 | — | 94,930 | |
| Debt | — | 9,215 | 21,538 | — | 30,753 | |
| Reclamation | — | 2,313 | 1,464 | — | 3,777 | |
| Liabilities held for sale | — | — | 50,677 | — | 50,677 | |
| | 16,812 | 55,324 | 156,593 | — | 228,729 | |
| NON-CURRENT LIABILITIES | | | | | | |
| Debt | 345,088 | 28,313 | 323,912 | (316,744 |) 380,569 | |
| Reclamation | — | 82,021 | 35,034 | — | 117,055 | |
| Deferred tax liabilities | 4,110 | 5,127 | 95,911 | — | 105,148 | |
| Other long-term liabilities | 2,311 | 3,063 | 49,323 | — | 54,697 | |
| Intercompany payable (receivable) | (337,439 |) 317,759 | 19,680 | — | — | |
| | 14,070 | 436,283 | 523,860 | (316,744 |) 657,469 | |
| STOCKHOLDERS' EQUITY | | | | | | |
| Common stock | 1,856 | 19,630 | 195,020 | (214,650 |) 1,856 | |
| Additional paid-in capital | 3,357,345 | 149,194 | 1,885,046 | (2,034,240 |) 3,357,345 | |
| Accumulated deficit | (2,546,743 |) (34,551 |) (1,788,597 |) 1,823,148 | (2,546,743 |) |
| Accumulated other comprehensive income (loss) | 2,519 | (3,463 |) — | 3,463 | 2,519 | |
| | 814,977 | 130,810 | 291,469 | (422,279 |) 814,977 | |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$845,859 | \$ 622,417 | \$ 971,922 | \$(739,023) | \$ 1,701,175 | |

Coeur Mining, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

NOTE 20 – COMMITMENTS AND CONTINGENCIES

Palmarejo Gold Stream

Coeur Mexicana, S.A. de C.V. (“Coeur Mexicana”), a subsidiary of Coeur, sells 50% of Palmarejo gold production (excluding production from the Paramount properties acquired in 2015) to Franco-Nevada under a gold stream agreement for the lesser of \$800 or spot price per ounce. In 2015, Coeur Mexicana received a \$22.0 million deposit toward future deliveries under the gold stream agreement. In accordance with generally accepted accounting principles, although Coeur has satisfied its contractual obligation to repay the deposit to Franco-Nevada, the deposit is accounted for as deferred revenue and is recognized as revenue on a units of production basis as ounces are sold to Franco-Nevada. As of June 30, 2018, the remaining unamortized balance was \$13.8 million.

Silvertip Contingent Consideration

A total of up to \$50.0 million of contingent consideration, payable in cash and common stock, is payable in conjunction with the October 2017 Silvertip acquisition. The contingent consideration is based on the achievement of two milestones, which the Company has determined to be probable at June 30, 2018. The first milestone payment of \$25.0 million is contingent upon receipt of a permit expansion for a sustained mining and milling rate of 1,000 tonnes per day. The permit application was required to be submitted to the British Columbia Ministry of Energy and Mining no later than June 2018 and was submitted on April 30, 2018. The second milestone payment of up to \$25.0 million is contingent upon the amount of resource tonnes added as of December 31, 2019. The maximum payment of \$25.0 million can be earned if the total resource reaches 3.7 million tonnes. The former JDS Silver Holdings Ltd. shareholders will receive \$5.0 million for a total resource of at least 2.5 million tonnes and \$5.0 million for every 0.3 million tonnes over 2.5 million tonnes, up to 3.7 million tonnes.

NOTE 21 – DISCONTINUED OPERATIONS

In December 2017, the Company and certain of its subsidiaries entered into a definitive agreement (as amended, the “Agreement”) to sell all of the outstanding capital stock of Manquiri, which is the operator of the San Bartolomé mine and processing facility (the “Manquiri Divestiture”). On February 28, 2018, the Manquiri Divestiture was completed, and, in accordance with the Agreement, Manquiri was sold to Ag-Mining Investments, AB, a privately-held Swedish company.

Coeur and its subsidiaries received the following consideration:

2.0% net smelter returns royalty (the “NSR”) payable to Coeur on all metals processed through the San Bartolomé Mine’s processing facility, commencing immediately upon the closing of the Transaction, valued at \$7.1 million.

Pre-closing value added tax refunds valued at \$12.7 million that will be collected or received by Manquiri in the future will be paid to Coeur (net of collection costs).

Eighteen-month promissory notes valued at \$26.9 million payable to Coeur and certain of its subsidiaries representing Manquiri’s cash and cash equivalents on the date of closing of the Manquiri Divestiture, and providing for repayment beginning in October 2018.

The Company recognized a liability of approximately \$5.7 million for certain post-closing covenants, guaranties and indemnification obligations on the part of the Company pursuant to the Agreement

The sale of Manquiri resulted in a gain of \$1.5 million, which is included in Income (loss) from discontinued operations.

Coeur Mining, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

The sale of Manquiri and San Bartolomé is expected to have a major effect on the Company's results and operations. Accordingly, San Bartolomé's operations for the three and six months ended June 30, 2018 and 2017 are classified on the consolidated statements of operations and comprehensive income (loss) as Income (loss) from discontinued operations. The major classes of line items constituting the pretax profit or loss for the three and six months ended June 30, 2018 and 2017 are as follows (in thousands):

| | Three months ended June 30, 2018 | 2017 | Six months ended June 30, 2018 | 2017 |
|--|--|---------|--------------------------------------|----------|
| Revenue | \$-23,814 | | \$12,346 | \$44,398 |
| COSTS AND EXPENSES | | | | |
| Costs applicable to sales ⁽¹⁾ | —23,392 | | 12,269 | 41,614 |
| Amortization | —2,212 | | — | 3,623 |
| General and administrative | —17 | | 41 | 25 |
| Pre-development, reclamation, and other | —281 | | 265 | 1,025 |
| OTHER INCOME (EXPENSE), NET | | | | |
| Interest expense, net of capitalized interest | —(6 |) (3 |) (12 |) |
| Other, net | —161 | | (260 |) 501 |
| Pretax profit (loss) on discontinued operations related to major classes of pretax profit (loss) | —(1,933 |) (492 |) (1,400 |) |
| Pretax gain on the disposal of the discontinued operation | — | | 1,525 | — |
| Total pretax gain or loss on discontinued operations | —(1,933 |) 1,033 | (1,400 |) |
| Income and mining tax (expense) benefit | —973 | | (483 |) 804 |
| Income (loss) from discontinued operations | \$-(960 |) \$550 | \$ (596 |) |

(1) Excludes amortization.

Net cash provided by operating activities was \$5.2 million for the three months ended June 30, 2017. Net cash used in operating activities from San Bartolomé was \$2.7 million for the six months ended June 30, 2018 compared to net cash provided by operating activities of \$16.5 million for the six months ended June 30, 2017, respectively. Net cash used in investing activities from San Bartolomé was \$0.4 million for the three months ended June 30, 2017. Net cash used in investing activities from San Bartolomé were \$28.5 million and \$0.8 million for the six months ended June 30, 2018 and 2017, respectively.

NOTE 22 – ADDITIONAL BALANCE SHEET DETAIL AND SUPPLEMENTAL CASH FLOW INFORMATION

Accrued liabilities and other consist of the following:

| In thousands | June 30, December 31, | |
|------------------------------------|-----------------------|-----------|
| | 2018 | 2017 |
| Accrued salaries and wages | \$16,745 | \$ 26,559 |
| Income and mining taxes | 2,649 | 25,788 |
| Silvertip contingent consideration | 24,694 | 24,393 |
| Accrued operating costs | 12,290 | 12,323 |
| Taxes other than income and mining | 3,741 | 4,354 |
| Accrued interest payable | 1,545 | 1,513 |
| Accrued liabilities and other | \$61,664 | \$ 94,930 |

Coeur Mining, Inc. and Subsidiaries
 Notes to Condensed Consolidated Financial Statements

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows for the three and six months ended June 30, 2018 and 2017:

| In thousands | June 30, 2018 | June 30, 2017 |
|---|------------------|------------------|
| Cash and cash equivalents | \$123,539 | \$200,979 |
| Restricted cash equivalents | 12,487 | 9,830 |
| Total cash, cash equivalents and restricted cash shown in the statement of cash flows | 136,026 | 210,809 |

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis ("MD&A") provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of Coeur Mining, Inc. and its subsidiaries (collectively the "Company", "our", or "we"). We use certain non-GAAP financial performance measures in our MD&A. For a detailed description of these measures, please see "Non-GAAP Financial Performance Measures" at the end of this item. We provide certain operational and financial data on a silver equivalent basis, converting gold to silver at a historical 60:1 ratio of silver ounces to gold ounces, unless otherwise noted. We also provide realized silver equivalent data determined by average spot silver and gold prices during the relevant period.

Overview

We are a gold, silver, zinc and lead producer with mines located in the United States, Mexico and Canada and exploration projects in the United States and Mexico. The Palmarejo complex, Rochester, Kensington and Wharf mines constitute our principal sources of revenue.

In October 2017, the Company added a new mine to Coeur's North America-focused platform with the acquisition of the high-grade silver-zinc-lead Silvertip mine located in northern British Columbia, Canada. The Silvertip mine commenced milling in the first quarter of 2018, and is expected to commence commercial production in the third quarter of 2018. In February 2018, the Company completed the Manquiri Divestiture, which we determined to represent a strategic shift to a North America-focused mining portfolio with a major effect on the Company's results and operations; therefore, San Bartolomé's results of operations are reported as discontinued operations for all periods presented. In the following discussion and analysis, the operating statistics, results of operations, cash flows and financial condition that we present and discuss are those of our continuing operations unless otherwise indicated. The Company's strategy is to discover, acquire, develop and operate low-cost silver and gold mines, which may include base metals such as zinc and lead, that produce long-term cash flow, provide opportunities for growth through continued exploration, and generate superior and sustainable returns for stockholders. Management focuses on maximizing net cash flow through identifying and implementing revenue enhancement opportunities, reducing operating and non-operating costs, exercising consistent capital discipline, and managing working capital efficiently.

Second Quarter Highlights

• Production from continuing operations of 8.8 million silver equivalent ounces, consisting of 3.2 million silver ounces and 94,052 gold ounces

• Sales from continuing operations of 8.9 million silver equivalent ounces, consisting of 3.2 million silver ounces and 94,455 gold ounces

• Net income from continuing operations of \$2.9 million, or \$0.02 per share, and adjusted net income of \$1.1 million, or \$0.01 per share, (see "Non-GAAP Financial Performance Measures")

• Costs applicable to sales from continuing operations were \$8.29 per average spot silver equivalent ounce (\$9.47 per silver equivalent ounce) and \$1,040 per gold equivalent ounce (see "Non-GAAP Financial Performance Measures")

• All-in sustaining costs from continuing operations were \$14.73 per average spot silver equivalent ounce (\$17.71 per silver equivalent ounce) (see "Non-GAAP Financial Performance Measures")

• Operating cash flow used in continuing operations of \$1.3 million and adjusted EBITDA from continuing operations of \$48.4 million (see "Non-GAAP Financial Performance Measures")

• Cash and cash equivalents of \$123.5 million at June 30, 2018

Selected Financial and Operating Results

| In thousands | Three months ended | | Six months ended | |
|--|--------------------|-------------|------------------|------------|
| | June 30, 2018 | 2017 | June 30, 2018 | 2017 |
| Financial Results from Continuing Operations: | | | | |
| Revenue | \$ 169,987 | \$ 149,540 | \$ 333,254 | \$ 335,094 |
| Net income (loss) | \$ 2,930 | \$ (9,995) | \$ 3,621 | \$ 8,304 |
| Net income (loss) per share, diluted | \$ 0.02 | \$ (0.06) | \$ 0.02 | \$ 0.05 |
| Adjusted net income (loss) ⁽¹⁾ | \$ 1,061 | \$ (1,343) | \$ 1,403 | \$ 5,423 |
| Adjusted net income (loss) per share, diluted ⁽¹⁾ | \$ 0.01 | \$ (0.01) | \$ 0.01 | \$ 0.03 |
| EBITDA ⁽¹⁾ | \$ 42,124 | \$ 23,356 | \$ 91,506 | \$ 94,805 |
| Adjusted EBITDA ⁽¹⁾ | \$ 48,431 | \$ 31,920 | \$ 97,157 | \$ 86,434 |
| Operating Results from Continuing Operations: | | | | |
| Silver ounces produced | 3,203,899 | 2,690,421 | 6,386,009 | 5,408,290 |
| Gold ounces produced | 94,052 | 82,819 | 179,435 | 171,037 |
| Silver equivalent ounces produced | 8,847,019 | 7,659,561 | 17,152,109 | 15,670,510 |
| Silver ounces sold | 3,202,804 | 2,688,790 | 6,363,717 | 6,014,496 |
| Gold ounces sold | 94,455 | 86,194 | 181,608 | 197,068 |
| Silver equivalent ounces sold | 8,870,100 | 7,860,417 | 17,260,190 | 17,838,597 |
| Average realized price per silver ounce | \$ 16.48 | \$ 16.95 | \$ 16.59 | \$ 17.25 |
| Average realized price per gold ounce | \$ 1,241 | \$ 1,206 | \$ 1,254 | \$ 1,174 |
| Costs applicable to sales per silver equivalent ounce ⁽¹⁾ | \$ 9.47 | \$ 12.11 | \$ 9.62 | \$ 11.25 |
| Costs applicable to sales per average spot silver equivalent ounce ⁽¹⁾ | \$ 8.29 | \$ 11.04 | \$ 8.42 | \$ 10.31 |
| Costs applicable to sales per gold equivalent ounce ⁽¹⁾ | \$ 1,040 | \$ 866 | \$ 1,007 | \$ 825 |
| All-in sustaining costs per silver equivalent ounce ⁽¹⁾ | \$ 17.71 | \$ 17.90 | \$ 17.53 | \$ 16.15 |
| All-in sustaining costs per average spot silver equivalent ounce ⁽¹⁾ | \$ 14.73 | \$ 15.66 | \$ 14.58 | \$ 14.34 |
| Financial and Operating Results from Discontinued Operations:⁽²⁾ | | | | |
| Income (loss) from discontinued operations | \$ — | \$ (960) | \$ 550 | \$ (596) |
| Silver ounces produced | — | 1,284,561 | 643,078 | 2,499,068 |
| Gold ounces produced | — | — | 78 | — |
| Silver equivalent ounces produced | — | 1,284,561 | 647,758 | 2,499,068 |
| Silver ounces sold | — | 1,398,038 | 704,479 | 2,546,044 |
| Gold ounces sold | — | — | 292 | — |
| Silver equivalent ounces sold | — | 1,398,038 | 721,999 | 2,546,044 |

(1) See “Non-GAAP Financial Performance Measures.”

(2) Reported production and financial results include operations through February 28, 2018.

Consolidated Financial Results

Three Months Ended June 30, 2018 compared to Three Months Ended June 30, 2017

Net Income (Loss) from Continuing Operations

Net income from continuing operations was \$2.9 million, or \$0.02 per share, compared to net loss of \$10.0 million, or \$0.06 per share. The increase in net income from continuing operations is due to higher ounces sold and a higher operating margin per consolidated silver equivalent ounce and a \$9.3 million loss on debt extinguishment in the second quarter of 2017, partially offset by higher interest expense and a \$2.3 million gain on the repurchase of the Rochester royalty obligation in the second quarter of 2017.

Revenue

Revenue was higher due to higher silver and gold production and an increase in average realized gold prices of 3%, partially offset by a decrease in average realized silver prices of 3%. The Company sold 3.2 million silver ounces and 94,455 gold ounces, compared to sales of 2.7 million silver ounces and 86,194 gold ounces. Gold contributed 69% of sales and silver contributed 31%, compared to 70% of sales from gold and 30% from silver.

Costs Applicable to Sales

Costs applicable to sales increased due to higher silver and gold ounces sold and higher costs applicable to sales per gold equivalent ounce, partially offset by lower costs applicable to sales per silver equivalent ounce. For a complete discussion of costs applicable to sales, see Results of Operations below.

Amortization

Amortization decreased \$1.3 million, or 4%, due to higher life of mine reserves and lower ounces sold at Kensington.

Expenses

General and administrative expenses increased \$0.6 million, or 9%, primarily due to higher compensation costs.

Exploration expense decreased \$1.4 million, or 18%, primarily due to a drilling campaign at La Preciosa in the three months ended June 30, 2017.

Pre-development, reclamation, and other expenses decreased \$0.5 million, or 11%, due to lower transaction-related costs and reduced activity at La Preciosa.

Other Income and Expenses

During the second quarter of 2017, the Company incurred a \$9.3 million loss in connection with the repurchase of the 7.875% Senior Notes due 2021 (the "2021 Senior Notes") concurrent with the completed offering of the 2024 Senior Notes.

Non-cash fair value adjustments, net, were a loss of \$2.5 million compared to a gain of \$0.3 million, due to unrealized losses of \$8.0 million and realized gains of \$5.5 million on equity securities. Effective January 1, 2018, as a result of ASU 2016-01, changes in the fair value of equity investments are recognized as fair value adjustments instead of other comprehensive income (loss) in the Condensed Consolidated Statements of Comprehensive Income (Loss).

Interest expense (net of capitalized interest of \$0.2 million) increased to \$6.0 million from \$3.7 million, due to higher average debt levels related to the 2024 Senior Notes and the Facility.

Other, net decreased to \$0.5 million, primarily due to a \$2.3 million gain on the repurchase of the Rochester royalty obligation in the second quarter of 2017.

Income and Mining Taxes

During the second quarter of 2018, the Company reported estimated income and mining tax expense of approximately \$3.7 million resulting in an effective tax rate of 55.9%. This compares to estimated income tax benefit of \$1.1 million for an effective tax rate of 10.1% during the second quarter of 2017.

The following table summarizes the components of the Company's income (loss) before tax and income and mining tax (expense) benefit:

| In thousands | Three months ended June 30, | | | |
|---------------------|-----------------------------|------------|--------------------|-----------|
| | 2018 | | 2017 | |
| | Income | Tax | Income | Tax |
| | (loss) | (expense) | (loss) | (expense) |
| | before tax benefit | | before tax benefit | |
| United States | \$(11,334) | \$(2,309) | \$(6,563) | \$ 2,315 |
| Argentina | (180) | (108) | (129) | 945 |
| Canada | (2,155) | 1,199 | 6 | 940 |
| Mexico | 20,542 | (2,499) | (2,195) | (4,766) |
| Other jurisdictions | (226) | — | (2,241) | 1,693 |
| | \$6,647 | \$(3,717) | \$(11,122) | \$ 1,127 |

The Company's effective income and mining tax rate is a function of the combined effective tax rates and foreign exchange rates in the jurisdictions in which it operates. Variations in the jurisdictional mix of income and loss and foreign exchange rates result in significant fluctuations in the consolidated effective tax rate, along with mining taxes, uncertain tax positions, and a full valuation allowance on deferred tax assets related to losses in the United States and certain foreign jurisdictions. Fluctuations in foreign exchange rates on deferred tax balances decreased income and mining tax expense by \$4.5 million and increased income and mining tax expense by \$3.0 million for the three months ended June 30, 2018 and 2017, respectively, predominantly due to the Mexican Peso.

A valuation allowance is provided for deferred tax assets for which it is more likely than not that the related tax benefits will not be realized. The Company analyzes its deferred tax assets and, if it is determined that the Company will not realize all or a portion of its deferred tax assets, it will record or increase a valuation allowance. Conversely, if it is determined that the Company will ultimately be more likely than not able to realize all or a portion of the related benefits for which a valuation allowance has been provided, all or a portion of the related valuation allowance will be reduced. There are a number of factors that impact the Company's ability to realize its deferred tax assets.

Six Months Ended June 30, 2018 compared to Six Months Ended June 30, 2017

Net Income (Loss) from Continuing Operations

Net income from continuing operations was \$3.6 million, or \$0.02 per share, compared to net income of \$8.3 million, or \$0.05 per share. The decrease in net income from continuing operations is due to a \$21.1 million gain on the sale of the Joaquin project and a \$2.3 million gain on the repurchase of the Rochester royalty obligation in 2017, partially offset by a higher operating margin per consolidated silver equivalent ounce during the first half of 2018 and a \$9.3 million loss on debt extinguishment in 2017.

Revenue

Revenue was lower resulting from holdover gold ounces from 2016 that were sold in the first quarter of 2017 and a decrease in average realized silver prices of 4%, partially offset by higher silver ounces sold and an increase in average realized gold prices of 7%. The Company sold 6.4 million silver ounces and 181,608 gold ounces, compared to sales of 6.0 million silver ounces and 197,068 gold ounces. Gold contributed 68% of sales and silver contributed 32%, compared to 69% of sales from gold and 31% from silver.

Costs Applicable to Sales

Costs applicable to sales decreased primarily due to lower costs applicable to sales per silver equivalent ounce at Palmarejo, partially offset by higher costs applicable to sales per gold equivalent ounce. For a complete discussion of costs applicable to sales, see Results of Operations below.

Amortization

Amortization decreased \$9.2 million or 13%, due to higher life of mine reserves at Kensington and Palmarejo and lower ounces sold at Kensington.

Expenses

General and administrative expenses decreased \$0.7 million or 4%, primarily due to lower professional service costs. Exploration expense remained comparable at \$13.1 million.

Pre-development, reclamation, and other expenses decreased \$0.1 million or 1%, due to lower transaction-related costs and reduced activity at La Preciosa.

Other Income and Expenses

During the second half of 2017, the Company incurred a \$9.3 million loss in connection with the repurchase of the 2021 7.875% Senior Notes concurrent with the completed offering of the 2024 5.875% Senior Notes.

Non-cash fair value adjustments, net, were a gain of \$2.2 million compared to a loss of \$0.9 million due to unrealized losses of \$3.2 million and realized gains of \$5.2 million on equity securities and a favorable fair value adjustment on zinc hedges. Effective January 1, 2018, as a result of ASU 2016-01, changes in the fair value of equity investments are recognized as fair value adjustments instead of other comprehensive income (loss) in the Condensed Consolidated Statements of Comprehensive Income (Loss).

Interest expense (net of capitalized interest of \$0.3 million) increased to \$12.0 million from \$7.3 million, due to higher average debt levels related to the 2024 Senior Notes and the Facility.

Other, net decreased to \$1.1 million, primarily due to a \$21.1 million gain on the sale of the Joaquin project and a \$2.3 million gain on the repurchase of the Rochester royalty obligation in 2017.

Income and Mining Taxes

During the first half of 2018, the Company reported estimated income and mining tax expense of approximately \$15.7 million resulting in an effective tax rate of 81.2%. This compares to estimated income tax expense of \$9.8 million for an effective tax rate of 54.0% during the half quarter of 2017.

The following table summarizes the components of the Company's income (loss) before tax and income and mining tax (expense) benefit:

| In thousands | Six months ended June 30, | | | |
|---------------------|---------------------------|------------|--------------------------|-----------------------|
| | 2018 | 2017 | Income (loss) before tax | Tax (expense) benefit |
| United States | \$(10,147) | \$(1,792) | \$14,090 | \$ 213 |
| Argentina | 74 | (97) | (457) | 2,070 |
| Canada | (3,909) | 2,044 | 8 | 908 |
| Mexico | 33,669 | (15,821) | 6,455 | (14,689) |
| Other jurisdictions | (400) | — | (2,041) | 1,747 |
| | \$19,287 | \$(15,666) | \$18,055 | \$(9,751) |

The Company's effective income and mining tax rate is a function of the combined effective tax rates and foreign exchange rates in the jurisdictions in which it operates. Variations in the jurisdictional mix of income and loss and foreign exchange rates result in significant fluctuations in the consolidated effective tax rate, along with income and mining taxes, uncertain tax positions, and a full valuation allowance on deferred tax assets related to losses in the United States and certain foreign jurisdictions. Fluctuations in foreign exchange rates on deferred tax balances decreased income and mining tax expense by \$0.9 million and increased income and mining tax expense by \$8.6 million for the six months ended June 30, 2018 and 2017, respectively. The 2018 fluctuation was predominantly due to the Canadian Dollar and the 2017 fluctuation was predominantly due to the Mexican Peso.

A valuation allowance is provided for deferred tax assets for which it is more likely than not that the related tax benefits will not be realized. The Company analyzes its deferred tax assets and, if it is determined that the Company will not realize all or a portion of its deferred tax assets, it will record or increase a valuation allowance. Conversely, if it is determined that the Company will ultimately be more likely than not able to realize all or a portion of the related benefits for which a valuation allowance has been provided, all or a portion of the related valuation allowance will be reduced. There are a number of factors that impact the Company's ability to realize its deferred tax assets.

Income (loss) from Discontinued Operations

In respect of San Bartolomé's operating results, income increased \$1.1 million, due to a \$1.5 million gain on the sale of San Bartolomé in 2018, partially offset by lower production and higher unit costs.

2018 Outlook

Coeur's 2018 production guidance has been revised to reflect higher expected silver and gold production at Palmarejo due to higher-than-projected grades during the first half of the year. The Company's cost guidance has been reduced to account for strong first half cost performance at Palmarejo, timing of anticipated commercial production at Silvertip and accelerated investment in near-mine exploration.

2018 Production Outlook

| | Silver (K oz) | Gold (oz) | Zinc (K lbs) | Lead (K lbs) | Silver Equivalent ¹ (K oz) |
|------------|------------------|-------------------|-----------------|-----------------|--|
| Palmarejo | 7,500 - 7,900 | 115,000 - 120,000 | — | — | 14,400 - 15,100 |
| Rochester | 4,200 - 4,700 | 45,000 - 50,000 | — | — | 6,900 - 7,700 |
| Kensington | — | 115,000 - 120,000 | — | — | 6,900 - 7,200 |
| Wharf | — | 85,000 - 90,000 | — | — | 5,100 - 5,400 |
| Silvertip | 1,500 - 2,000 | — | 23,000 - 28,000 | 23,000 - 28,000 | 4,030 - 5,080 |
| Total | 13,200 - 14,600 | 360,000 - 380,000 | 23,000 - 28,000 | 23,000 - 28,000 | 37,330 - 40,480 |

2018 Cost Outlook

| | Previous Guidance | Current Guidance |
|---|-------------------|-------------------|
| (dollars in millions, except per ounce amounts) | 60:1 | 60:1 |
| CAS per AgEqOz ¹ – Palmarejo | \$10.50 - \$11.00 | \$9.00 - \$9.50 |
| CAS per AgEqOz ¹ – Rochester | \$13.25 - \$13.75 | \$13.25 - \$13.75 |
| CAS per AuOz ¹ – Kensington | \$900 - \$950 | \$900 - \$950 |
| CAS per AuEqOz ¹ – Wharf | \$850 - \$900 | \$850 - \$900 |
| CAS per AgEqOz ¹ – Silvertip | \$15.00 - \$15.50 | \$15.00 - \$15.50 |
| Capital Expenditures | \$120 - \$140 | \$130 - \$150 |
| General and Administrative Expenses | \$32 - \$34 | \$32 - \$34 |
| Exploration Expense | \$20 - \$25 | \$25 - \$30 |
| AISC per AgEqOz ¹ from continuing operations | \$17.50 - \$18.00 | \$17.25 - \$17.75 |

Results of Continuing Operations

The Company produced 3.2 million ounces of silver and 94,052 ounces of gold in the three months ended June 30, 2018, compared to 2.7 million ounces of silver and 82,819 ounces of gold in the three months ended June 30, 2017. Silver production increased 19% due to higher grade and mill throughput at Palmarejo, partially offset by lower placed tons at Rochester. Gold production increased 14% due to higher grades at Palmarejo and Rochester, higher mill throughput at Palmarejo, and timing of leach pad recoveries at Wharf, partially offset by lower grade at Kensington. The Company produced 6.4 million ounces of silver and 179,435 ounces of gold in the six months ended June 30, 2018, compared to 5.4 million ounces of silver and 171,037 ounces of gold in the six months ended June 30, 2017. Silver production increased 18% due to higher grade and mill throughput at Palmarejo. Gold production increased 5% due to higher grades at Palmarejo and Rochester and higher mill throughput at Palmarejo, partially offset by lower grade at Kensington.

Costs applicable to sales were \$8.29 per average spot silver equivalent ounce (\$9.47 per silver equivalent ounce) and \$1,040 per gold equivalent ounce in the three months ended June 30, 2018 compared to \$11.04 per average spot silver equivalent ounce (\$12.11 per silver equivalent ounce) and \$866 per gold equivalent ounce in the three months ended June 30, 2017. Costs applicable to sales per silver equivalent ounce decreased 22% due to lower unit costs at Palmarejo while costs applicable to sales per gold equivalent ounce increased 20% in the three months ended June 30, 2018 due to higher unit costs at Kensington and Wharf.

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Costs applicable to sales were \$8.42 per average spot silver equivalent ounce (\$9.62 per silver equivalent ounce) and \$1,007 per gold equivalent ounce in the six months ended June 30, 2018 compared to \$10.31 per average spot silver equivalent ounce (\$11.25 per silver equivalent ounce) and \$825 per gold equivalent ounce in the six months ended June 30, 2017. Costs applicable to sales per silver equivalent ounce decreased 14% due to lower unit costs at Palmarejo while costs applicable to sales per gold equivalent ounce increased 22% in the six months ended June 30, 2018 due to higher unit costs at Kensington and Wharf.

All-in sustaining costs were \$14.73 per average spot silver equivalent ounce (\$17.71 per silver equivalent ounce) in the three months ended June 30, 2018, compared to \$15.66 per average spot silver equivalent ounce (\$17.90 per silver equivalent ounce) in the three months ended June 30, 2017. The 1% decrease was primarily due to lower costs applicable to sales per consolidated silver equivalent ounce, partially offset by higher sustaining capital related to underground development at Palmarejo and Kensington.

All-in sustaining costs were \$14.58 per average spot silver equivalent ounce (\$17.53 per silver equivalent ounce) in the six months ended June 30, 2018, compared to \$14.34 per average spot silver equivalent ounce (\$16.15 per silver equivalent ounce) in the six months ended June 30, 2017. The 9% increase was primarily due to higher sustaining capital related to underground development at Palmarejo and Kensington and higher exploration costs, partially offset by lower costs applicable to sales per consolidated silver equivalent ounce.

Palmarejo

| | Three months ended June 30, | | Six months ended June 30, | |
|--|-----------------------------|----------|---------------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Tons milled | 344,073 | 335,428 | 703,966 | 95,811 |
| Silver ounces produced | 2,065,524 | 1,56,821 | 4,078,762 | 2,987,362 |
| Gold ounces produced | 33,702 | 24,292 | 63,598 | 55,084 |
| Silver equivalent ounces produced | 4,087,649 | 3,14,341 | 7,894,661 | 6,292,402 |
| Costs applicable to sales per silver equivalent oz ⁽¹⁾ | \$7.65 | \$ 11.31 | \$ 7.82 | \$ 10.36 |
| Costs applicable to sales per average spot silver equivalent oz ⁽¹⁾ | \$6.65 | \$ 10.20 | \$ 6.79 | \$ 9.40 |

(1) See Non-GAAP Financial Performance Measures.

Three Months Ended June 30, 2018 compared to Three Months Ended June 30, 2017

Silver equivalent production increased 40% due to higher mining rates from Independencia and higher silver and gold grade. Metal sales were \$70.7 million, or 41% of Coeur's metal sales, compared with \$53.2 million, or 35% of Coeur's metal sales. Costs applicable to sales per ounce decreased 32% as a result of higher production. Amortization remained comparable at \$14.6 million primarily due to higher life of mine reserves, partially offset by higher production driven by higher grades. Capital expenditures decreased to \$9.5 million due to less underground development at Guadalupe and Independencia.

Six Months Ended June 30, 2018 compared to Six Months Ended June 30, 2017

Silver equivalent production increased 25% due to higher mining rates from Independencia and higher silver and gold grade, partially offset by lower silver and gold recovery. Metal sales were \$140.8 million, or 42% of Coeur's metal sales, compared with \$130.9 million, or 40% of Coeur's metal sales. Costs applicable to sales per ounce decreased 25% as a result of higher production. Amortization decreased to \$31.0 million compared to \$34.6 million, primarily due to higher life of mine reserves, partially offset by higher production. Capital expenditures increased to \$18.8 million due to underground development at Guadalupe and Independencia.

Rochester

| | Three months ended June 30, | | Six months ended June 30, | |
|---|-----------------------------|-----------|---------------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Tons placed | 4,083,028 | 4,493,100 | 8,434,150 | 9,006,808 |
| Silver ounces produced | 1,125,074 | 1,156,341 | 2,282,100 | 2,283,663 |
| Gold ounces produced | 12,273 | 10,745 | 23,760 | 21,101 |
| Silver equivalent ounces produced | 1,861,454 | 1,801,041 | 3,707,700 | 3,549,723 |
| Costs applicable to sales per silver equivalent oz ⁽¹⁾ | \$13.44 | \$ 13.62 | \$ 13.51 | \$ 13.05 |

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Costs applicable to sales per average spot silver equivalent oz⁽¹⁾ \$ 11.94 \$ 12.63 \$ 12.03 \$ 12.17

(1) See Non-GAAP Financial Performance Measures.

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Three Months Ended June 30, 2018 compared to Three Months Ended June 30, 2017

Silver equivalent production increased 3% due to higher silver and gold grade, partially offset by lower tons placed. Metal sales were \$33.7 million, or 20% of Coeur's metal sales, compared with \$32.8 million, or 22% of Coeur's metal sales. Costs applicable to sales per ounce were comparable. Amortization remained comparable at \$4.8 million. Capital expenditures decreased to \$0.7 million from \$13.8 million due to the completion of the Stage IV leach pad expansion in 2017.

Six Months Ended June 30, 2018 compared to Six Months Ended June 30, 2017

Silver equivalent production increased 4% due to higher tons placed, partially offset by lower silver grade. Metal sales were \$67.2 million, or 20% of Coeur's metal sales, compared with \$71.8 million, or 21% of Coeur's metal sales. Costs applicable to sales per silver equivalent ounce increased 4% due to higher diesel, maintenance, and blasting costs. Amortization decreased to \$9.6 million due to lower ounces sold. Capital expenditures decreased to \$3.3 million compared to \$24.4 million due to the completion of the Stage IV leach pad expansion in 2017.

Wharf

| | Three months ended June 30, | | Six months ended June 30, | |
|---|-----------------------------------|-----------|------------------------------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| Tons placed | 1,075,890 | 1,167,215 | 2,185,348 | |
| Gold ounces produced | 22,507 | 21,358 | 40,443 | 42,231 |
| Silver ounces produced | 13,302 | 12,587 | 25,147 | 26,652 |
| Gold equivalent ounces produced ⁽¹⁾ | 22,729 | 21,568 | 40,862 | 42,775 |
| Costs applicable to sales per gold equivalent oz ⁽¹⁾ | \$ 827 | \$ 734 | \$ 847 | \$ 696 |

(1) See Non-GAAP Financial Performance Measures.

Three Months Ended June 30, 2018 compared to Three Months Ended June 30, 2017

Gold equivalent production increased 5% due to the timing of leach pad recoveries. Metal sales were \$29.8 million, or 18% of Coeur's metal sales, compared to \$27.0 million, or 18% of Coeur's metal sales. Costs applicable to sales per gold equivalent ounce increased 13% due to lower production resulting from the completion of mining at the higher-grade Golden Reward deposit in 2017 and higher diesel costs. Amortization was \$3.4 million compared to \$2.5 million due to higher ounces sold. Capital expenditures decreased to \$1.2 million.

Six Months Ended June 30, 2018 compared to Six Months Ended June 30, 2017

Gold equivalent production decreased 4% due to the timing of leach pad recoveries. Metal sales were \$53.3 million, or 16% of Coeur's metal sales, compared to \$57.3 million, or 17% of Coeur's metal sales. Costs applicable to sales per gold equivalent ounce increased 22% due to lower production resulting from the completion of mining at the higher-grade Golden Reward deposit in 2017, higher pad unloading costs, and higher diesel costs. Amortization remained comparable at \$6.0 million. Capital expenditures decreased to \$1.5 million.

Kensington

| | Three months ended June 30, | | Six months ended June 30, | |
|---|--------------------------------|---------|------------------------------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| Tons milled | 168,751 | 163,163 | 327,457 | 329,058 |
| Gold ounces produced | 25,570 | 26,424 | 51,634 | 52,621 |
| Costs applicable to sales/oz ⁽¹⁾ | \$ 1,215 | \$ 964 | \$ 1,124 | \$ 922 |

(1) See Non-GAAP Financial Performance Measures.

Three Months Ended June 30, 2018 compared to Three Months Ended June 30, 2017

Gold production decreased 3% due to lower grade. Metal sales were \$35.7 million, or 21% of Coeur's metal sales, compared to \$35.6 million, or 24% of Coeur's metal sales. Costs applicable to sales per ounce were 26% higher, primarily due to lower production, higher diesel costs, and higher contract mining costs. Amortization decreased to \$6.4 million from \$8.3 million due to higher life of mine reserves and lower ounces sold. Capital expenditures increased to \$10.7 million due to expansion of the site power plant.

Six Months Ended June 30, 2018 compared to Six Months Ended June 30, 2017

Gold production remained comparable. Metal sales were \$72.0 million, or 22% of Coeur's metal sales, compared to \$73.5 million, or 22% of Coeur's metal sales. Costs applicable to sales per ounce were 22% higher, primarily due to lower production, higher diesel costs, and higher contract mining costs. Amortization decreased to \$13.2 million from \$17.5 million due to higher life of mine reserves and lower ounces sold. Capital expenditures increased to \$22.1 million due to expansion of the site power plant.

Endeavor Silver Stream

| | Three months ended June 30, 2017 | Six months ended June 30, 2017 |
|---|--|--|
| Tons milled | —88,565 | —133,905 |
| Silver ounces produced | —64,672 | —104,613 |
| Costs applicable to sales/oz ⁽¹⁾ | \$—7.06 | \$—7.12 |

(1) See Non-GAAP Financial Performance Measures.

In July 2017, the Company sold the Endeavor Silver Stream and our remaining portfolio of royalties for total consideration of \$13.0 million to Metalla Royalty & Streaming Ltd. Reported production and financial results include operations through May 2017 in accordance with the terms of the sale agreement.

Liquidity and Capital Resources

Cash and cash equivalents decreased \$68.5 million in the six months ended June 30, 2018 as a result of pre-production capital expenditures to advance Silvertip toward commercial production, income and mining tax payments at Palmarejo and an increase in inventories, partially offset by a higher operating margin per consolidated silver equivalent ounce.

Cash Provided by (Used in) Operating Activities from Continuing Operations

Net cash used in operating activities for the three months ended June 30, 2018 was \$1.3 million compared to net cash provided by operating activities of \$24.1 million for the three months ended June 30, 2017. Net cash provided by operating activities for the six months ended June 30, 2018 was \$14.2 million compared to \$68.0 million for the six months ended June 30, 2017. Net cash provided by (used in) operating activities was impacted by the following key factors for the applicable periods:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|-----------------------------|-----------|---------------------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| Consolidated silver equivalent ounces sold | 8,870,100 | 7,860,417 | 17,260,190 | 17,838,597 |
| Average realized price per consolidated silver equivalent ounce | \$19.16 | \$19.02 | \$19.31 | \$18.78 |
| Costs applicable to sales per consolidated silver equivalent ounce ⁽¹⁾ | (12.20) | (13.01) | (12.03) | (12.15) |
| Operating margin per consolidated silver equivalent ounce | \$6.96 | \$6.01 | \$7.28 | \$6.63 |

(1) See Non-GAAP Financial Performance Measures.

| In thousands | Three months ended June 30, | | Six months ended June 30, | |
|--|-----------------------------|----------|---------------------------|----------|
| | 2018 | 2017 | 2018 | 2017 |
| Cash flow before changes in operating assets and liabilities | \$41,496 | \$27,235 | \$74,936 | \$70,524 |
| Changes in operating assets and liabilities: | | | | |
| Receivables | (8,888) | (2,215) | (10,579) | 3,465 |
| Prepaid expenses and other | 8,126 | 4,061 | 2,491 | (845) |
| Inventories | (2,766) | (4,809) | (11,474) | 10,362 |
| Accounts payable and accrued liabilities | (39,262) | (167) | (41,127) | (15,466) |
| Cash provided by continuing operating activities | \$(1,294) | \$24,105 | \$14,247 | \$68,040 |

Cash used in operating activities decreased \$25.4 million for the three months ended June 30, 2018 compared to the three months ended June 30, 2017, primarily due to income and mining tax payments at Palmarejo, partially offset by higher silver equivalent ounces sold and a higher operating margin per consolidated silver equivalent ounce. Revenue for the three months ended June 30, 2018 increased \$20.4 million, \$18.7 million of which was due to higher silver equivalent ounces sold and \$1.7 million due to higher average realized prices. The \$42.8 million working capital increase in the three months ended June 30, 2018 was primarily due to the timing of income and mining tax payments at Palmarejo and the timing of accounts receivable and VAT collections, partially offset by a decrease in prepaid assets, compared to the \$3.1 million working capital increase in the three months ended June 30, 2017, which was primarily due to an increase of inventories and accounts receivable.

Cash provided by operating activities decreased \$53.8 million for the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily due to income and mining tax payments at Palmarejo, lower silver equivalent ounces sold and an increase in inventories, partially offset by a higher operating margin per consolidated silver equivalent ounce. Revenue for the six months ended June 30, 2018 decreased \$1.8 million, \$13.6 million of which was due to lower silver equivalent ounces sold, partially offset by \$11.7 million due to higher average realized prices. The \$60.7 million working capital increase in the six months ended June 30, 2018 was primarily due to the timing of income and mining tax payments at Palmarejo, an increase in inventories and the timing on accounts receivable and VAT collections, compared to the \$2.5 million working capital increase in the six months ended June 30, 2017, which was primarily due to a reduction of inventories carried over from the fourth quarter of 2016 and the collection of accounts receivable, partially offset by the timing of payments.

Cash (Used in) Investing Activities from Continuing Operations

Net cash used in investing activities in the three months ended June 30, 2018 was \$30.0 million compared to net cash used in investing activities of \$44.8 million in the three months ended June 30, 2017, primarily due to the proceeds from the sale of strategic equity investments, partially offset by capital expenditures at Silvertip, and the acquisition of strategic equity investments in 2017. The Company had capital expenditures of \$41.2 million in the three months ended June 30, 2018 compared with \$37.1 million in the three months ended June 30, 2017. Capital expenditures in the three months ended June 30, 2018 were primarily related to pre-production capital spending at Silvertip and underground development at Silvertip, Palmarejo, and Kensington. Capital expenditures in the three months ended June 30, 2017 were primarily related to underground development at Palmarejo and Kensington and the Stage IV leach pad expansion at Rochester.

Net cash used in investing activities in the six months ended June 30, 2018 was \$71.1 million compared to net cash used in investing activities of \$44.4 million in the six months ended June 30, 2017, primarily due to capital expenditures at Silvertip and the proceeds from the sale of the Joaquin project in the first quarter of 2017. The Company had capital expenditures of \$83.5 million in the six months ended June 30, 2018 compared with \$60.7 million in the six months ended June 30, 2017. Capital expenditures in the six months ended June 30, 2018 were primarily related to pre-production capital spending at Silvertip and underground development at Silvertip, Palmarejo, and Kensington. Capital expenditures in the six months ended June 30, 2017 were primarily related to underground development at Palmarejo and Kensington and the Stage IV leach pad expansion at Rochester.

Cash Provided by (Used in) Financing Activities from Continuing Operations

Net cash used in financing activities in the three months ended June 30, 2018 was \$4.6 million compared to net cash provided by financing activities of \$55.6 million in the three months ended June 30, 2017. During the three months ended June 30, 2017, the Company received net proceeds of approximately \$245.0 million from the issuance of the 2024 Senior Notes, partially offset by the repurchase of the 2021 Senior Notes for \$185.5 million, including premiums.

Net cash used in financing activities in the six months ended June 30, 2018 was \$12.7 million compared to net cash provided by financing activities of \$49.1 million in the six months ended June 30, 2017. During the six months ended June 30, 2018, the Company drew \$15.0 million from the Facility to repay Silvertip's debt obligation. In addition, the Company had higher tax withholdings on vested stock-based compensation awards. During the six months ended June 30, 2017, the Company received net proceeds of approximately \$245.0 million from the issuance of the 2024 Senior Notes, partially offset by the repurchase of the 2021 Senior Notes for \$185.5 million, including premiums.

Critical Accounting Policies and Accounting Developments

Please see Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES contained in the Company's Form 10-K for the year ended December 31, 2017 (the "2017 10-K") and in Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES contain in this Report for the Company's critical accounting policies and estimates.

Revenue Recognition

On January 1, 2018, the Company adopted the updated revenue guidance applicable under ASC 606 - "Revenue from Contracts with Customers". The new guidance creates a five-step framework to determine revenue recognition:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognize revenue when (or as) the entity satisfies a performance obligation

The Company produces doré and concentrate that is shipped to third-party refiners and smelters, respectively, for processing. The Company enters into contracts to sell its metal to various third-party customers which may include the refiners and smelters that process the doré and concentrate. The Company's performance obligation in these transactions is generally the transfer of metal to the customer.

In the case of doré shipments, the Company generally sells refined metal at market prices agreed upon by both parties. The Company also has the right, but not the obligation, to sell a portion of the anticipated refined metal in advance of being fully refined. When the Company sells refined metal or advanced metal, the performance obligation is satisfied when the metal is delivered to the customer. Revenue and Costs Applicable to Sales are recorded on a gross basis under these contracts at the time the performance obligation is satisfied.

Under the Company's concentrate sales contracts with third-party smelters, metal prices are set on a specified future quotational period, typically one to three months, after the shipment date based on market prices. When the Company sells gold concentrate to the third-party smelters, the performance obligation is satisfied when the concentrate is loaded onto the third-party shipping vessel. The contracts, in general, provide for provisional payment based upon provisional assays and historical metal prices. Final settlement is based on the applicable price for the specified future quotational period and generally occurs three to six months after shipment. 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 and is adjusted to fair value through revenue each period until the date of final metal settlement.

The Company also sells concentrate under off-take agreements to third-party customers that are responsible for arranging the smelting of the concentrate. Prices can either be fixed or based on a quotational period. The quotational period varies by contract, but is generally a one-month period following the shipment of the concentrate. The performance obligation is satisfied when the concentrate is loaded onto the third-party shipping vessel. The off-take agreement allows for the Company to sell concentrate in advance of shipment and results in the customer taking ownership of the concentrate prior to shipment.

The Company recognizes revenue from concentrate sales, net of treatment and refining charges, when it satisfies the performance obligation of transferring control of the concentrate to the customer.

For doré and off-take sales, the Company may incur a finance charge related to advance sales that is not considered significant and, as such, is not considered a separate performance obligation. In addition, the Company has elected to treat freight costs as a fulfillment cost under ASC 606 and not as a separate performance obligation.

The Company's streaming agreement with a subsidiary of Franco-Nevada commenced in 2016 with a \$20.0 million deposit paid by Franco-Nevada in exchange for the right and obligation to purchase 50% of a portion of Palmarejo gold production at the lesser of \$800 or market price per ounce. Because there is no minimum obligation associated with this deposit, it is not considered financing, and each shipment is considered to be a separate performance obligation. The streaming agreement represents a contract liability under ASC 606, which requires the Company to ratably recognize a portion of the deposit as revenue for each gold ounce delivered to Franco-Nevada.

Other Liquidity Matters

We believe that our liquidity and capital resources from U.S. operations are adequate to fund our U.S. operations and corporate activities. The Company has asserted indefinite reinvestment of earnings from its Mexican operations as determined by management's judgment about and intentions concerning the future operations of the Company. The Company does not believe that the amounts reinvested will have a material impact on liquidity.

In order to reduce future cash interest payments and/or amounts due at maturity or upon redemption, from time to time we may repurchase certain of our debt securities for cash or in exchange for other securities, which may include secured or unsecured notes or equity, in each case in open market or privately negotiated transactions. We regularly engage in conversations with our bondholders and evaluate any such transactions in light of prevailing market conditions, liquidity requirements, contractual restrictions, and other factors. The amounts involved may be significant and any such transactions may occur at a substantial discount to the debt securities' face amount.

Non-GAAP Financial Performance Measures

Non-GAAP financial measures are intended to provide additional information only and do not have any standard meaning prescribed by generally accepted accounting principles ("GAAP"). Unless otherwise noted, we present the Non-GAAP financial measures of our continuing operations in the tables below. For additional information regarding our discontinued operations, see Note 21 -- to the Condensed Consolidated Financial Statements. These measures should not be considered in isolation or as a substitute for performance measures prepared in accordance with GAAP.

Adjusted Net Income (Loss)

Management uses Adjusted net income (loss) to evaluate the Company's operating performance, and to plan and forecast its operations. The Company believes the use of Adjusted net income (loss) reflects the underlying operating performance of our core mining business and allows investors and analysts to compare results of the Company to similar results of other mining companies. Management's determination of the components of Adjusted net income (loss) are evaluated periodically and is based, in part, on a review of non-GAAP financial measures used by mining industry analysts. The tax effect of adjustments are based on statutory tax rates and the Company's tax attributes, including the impact through the Company's valuation allowance. The combined effective rate of tax adjustments may not be consistent with the statutory tax rates or the Company's effective tax rate due to jurisdictional tax attributes and related valuation allowance impacts which may minimize the tax effect of certain adjustments and may not apply to gains and losses equally. Adjusted net income (loss) is reconciled to Net income (loss) in the table below:

| In thousands except per share amounts | Three months | | Six months | |
|--|----------------|------------|----------------|----------|
| | ended June 30, | | ended June 30, | |
| | 2018 | 2017 | 2018 | 2017 |
| Net income (loss) | \$2,930 | \$(10,955) | \$4,171 | \$7,708 |
| (Income) loss from discontinued operations, net of tax | — | 960 | (550) | 596 |
| Fair value adjustments, net | 2,462 | (336) | (2,192) | 864 |
| Impairment of equity and debt securities | — | 305 | — | 426 |
| Gain on sale of Joaquin project | — | — | — | (21,138) |
| (Gain) loss on sale of assets and securities | (586) | (513) | (345) | 1,553 |
| Gain on repurchase of Rochester royalty | — | (2,332) | — | (2,332) |
| (Gain) loss on debt extinguishment | — | 9,342 | — | 9,342 |
| Mexico inflation adjustment | (1,939) | — | (1,939) | — |
| Interest income on notes receivables | (573) | — | (821) | — |
| Foreign exchange loss (gain) | (1,233) | 2,186 | 3,079 | 6,597 |
| Tax effect of adjustments ⁽¹⁾ | — | — | — | 1,807 |
| Adjusted net income (loss) | \$1,061 | \$(1,343) | \$1,403 | \$5,423 |
| Adjusted net income (loss) per share - Basic | \$0.01 | \$(0.01) | \$0.01 | \$0.03 |
| Adjusted net income (loss) per share - Diluted | \$0.01 | \$(0.01) | \$0.01 | \$0.03 |

(1) For the six months ended June 30, 2017, tax effect of adjustments of \$1.8 million (-16%) is primarily related to a taxable gain on the sale of the Joaquin project.

EBITDA and Adjusted EBITDA

Management uses EBITDA to evaluate the Company's operating performance, to plan and forecast its operations, and assess leverage levels and liquidity measures. The Company believes the use of EBITDA reflects the underlying operating performance of our core mining business and allows investors and analysts to compare results of the Company to similar results of other mining companies. Adjusted EBITDA is a measure used in the 2024 Senior Notes Indenture and the Facility to determine our ability to make certain payments and incur additional indebtedness. EBITDA and Adjusted EBITDA do not represent, and should not be considered an alternative to, Net income (Loss) or Cash Flow from Operations as determined under GAAP. Other companies may calculate Adjusted EBITDA differently and those calculations may not be comparable to our presentation. Adjusted EBITDA is reconciled to Net income (loss) in the table below:

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| In thousands except per share amounts | Three months ended | | Six months ended | |
|--|--------------------|------------|------------------|-----------|
| | June 30, | June 30, | June 30, | June 30, |
| | 2018 | 2017 | 2018 | 2017 |
| Net income (loss) | \$2,930 | \$(10,955) | \$4,171 | \$7,708 |
| (Income) loss from discontinued operations, net of tax | — | 960 | (550) | 596 |
| Interest expense, net of capitalized interest | 6,018 | 3,744 | 11,983 | 7,323 |
| Income tax provision (benefit) | 3,717 | (1,127) | 15,666 | 9,751 |
| Amortization | 29,459 | 30,734 | 60,236 | 69,427 |
| EBITDA | 42,124 | 23,356 | 91,506 | 94,805 |
| Fair value adjustments, net | 2,462 | (336) | (2,192) | 864 |
| Impairment of equity and debt securities | — | 305 | — | 426 |
| Foreign exchange (gain) loss | 3,309 | (786) | 3,979 | (1,992) |
| Gain on sale of Joaquin project | — | — | — | (21,138) |
| (Gain) loss on sale of assets and securities | (586) | (513) | (345) | 1,553 |
| Gain on repurchase of Rochester royalty | — | (2,332) | — | (2,332) |
| Loss on debt extinguishment | — | 9,342 | — | 9,342 |
| Mexico inflation adjustment | (1,939) | — | (1,939) | — |
| Interest income on notes receivables | (573) | — | (821) | — |
| Asset retirement obligation accretion | 2,817 | 2,169 | 5,486 | 4,285 |
| Inventory adjustments and write-downs | 817 | 715 | 1,483 | 621 |
| Adjusted EBITDA | \$48,431 | \$31,920 | \$97,157 | \$86,434 |

Costs Applicable to Sales and All-in Sustaining Costs

Management uses Costs applicable to sales (“CAS”) and All-in sustaining costs (“AISC”) to evaluate the Company’s current operating performance and life of mine performance from discovery through reclamation. We believe these measures assist analysts, investors and other stakeholders in understanding the costs associated with producing silver and gold, assessing our operating performance and ability to generate free cash flow from operations and sustaining production. These measures may not be indicative of operating profit or cash flow from operations as determined under GAAP. Management believes converting the benefit from selling gold into silver equivalent ounces best allows management, analysts, investors and other stakeholders to evaluate the operating performance of the Company. Other companies may calculate CAS and AISC differently as a result of reflecting the benefit from selling non-silver metals as a by-product credit rather than converting to silver equivalent ounces, differences in the determination of sustaining capital expenditures, and differences in underlying accounting principles and accounting frameworks such as in International Financial Reporting Standards.

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Three Months Ended June 30, 2018

| In thousands except per ounce amounts | Silver | | | Gold | | | Total |
|--|-----------|-----------|-----------|------------|----------|----------|------------|
| | Palmarej | Rochester | Total | Kensington | Wharf | Total | |
| Costs applicable to sales, including amortization (U.S. GAAP) | \$44,943 | \$ 29,244 | \$ 74,187 | \$40,668 | \$22,611 | \$63,279 | \$ 137,466 |
| Amortization | 14,633 | 4,793 | 19,426 | 6,441 | 3,353 | 9,794 | 29,220 |
| Costs applicable to sales | \$30,310 | \$ 24,451 | \$ 54,761 | \$34,227 | \$19,258 | \$53,485 | \$ 108,246 |
| Silver equivalent ounces sold | 3,964,208 | 1,819,072 | 5,783,280 | | | | 8,870,100 |
| Gold equivalent ounces sold | | | | 28,165 | 23,282 | 51,447 | |
| Costs applicable to sales per ounce | \$7.65 | \$ 13.44 | \$ 9.47 | \$1,215 | \$827 | \$1,040 | \$ 12.20 |
| Costs applicable to sales per average spot ounce | \$6.65 | \$ 11.94 | \$ 8.29 | | | | \$ 10.15 |
| Costs applicable to sales | | | | | | | \$ 108,246 |
| Treatment and refining costs | | | | | | | 1,046 |
| Sustaining capital ⁽¹⁾ | | | | | | | 28,571 |
| General and administrative | | | | | | | 7,650 |
| Exploration | | | | | | | 6,429 |
| Reclamation | | | | | | | 4,667 |
| Project/pre-development costs | | | | | | | 517 |
| All-in sustaining costs | | | | | | | \$ 157,126 |
| Silver equivalent ounces sold | | | | | | | 5,783,280 |
| Kensington and Wharf silver equivalent ounces sold | | | | | | | 3,086,820 |
| Consolidated silver equivalent ounces sold | | | | | | | 8,870,100 |
| All-in sustaining costs per silver equivalent ounce | | | | | | | \$ 17.71 |
| Consolidated silver equivalent ounces sold (average spot) | | | | | | | 10,667,255 |
| All-in sustaining costs per average spot silver equivalent ounce | | | | | | | \$ 14.73 |

(1)Excludes development capital for Jualin and Silvertip.

Three Months Ended June 30, 2017

| In thousands except per ounce amounts | Silver | | | | Gold | | | |
|---|-----------|-----------|----------|-----------|------------|----------|----------|------------|
| | Palmarej | Rochester | Endeavor | Total | Kensington | Wharf | Total | Total |
| Costs applicable to sales, including amortization (U.S. GAAP) | \$48,325 | \$ 29,099 | \$ 586 | \$ 78,010 | \$36,335 | \$18,317 | \$54,652 | \$ 132,662 |
| Amortization | 14,431 | 4,938 | 168 | 19,537 | 8,347 | 2,549 | 10,896 | 30,433 |
| Costs applicable to sales | \$33,894 | \$ 24,161 | \$ 418 | \$ 58,473 | \$27,988 | \$15,768 | \$43,756 | \$ 102,229 |
| Silver equivalent ounces sold | 2,995,623 | 1,774,000 | 59,234 | 4,828,857 | | | | 7,860,417 |
| Gold equivalent ounces sold | | | | | 29,031 | 21,495 | 50,526 | |
| Costs applicable to sales per ounce | \$11.31 | \$ 13.62 | \$ 7.06 | \$ 12.11 | \$964 | \$734 | \$866 | \$ 13.01 |
| Costs applicable to sales per average spot ounce | \$10.20 | \$ 12.63 | | \$ 11.04 | | | | \$ 11.38 |
| Costs applicable to sales | | | | | | | | \$ 102,229 |
| Treatment and refining costs | | | | | | | | 1,288 |
| Sustaining capital ⁽¹⁾ | | | | | | | | 17,173 |
| General and administrative | | | | | | | | 7,025 |

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| | |
|---|------------|
| Exploration | 7,813 |
| Reclamation | 3,581 |
| Project/pre-development costs | 1,677 |
| All-in sustaining costs | \$ 140,786 |
| Silver equivalent ounces sold | 4,828,857 |
| Kensington and Wharf silver equivalent ounces sold | 3,031,560 |
| Consolidated silver equivalent ounces sold | 7,860,417 |
| All-in sustaining costs per silver equivalent ounce | \$ 17.90 |

| | |
|--|-----------|
| Consolidated silver equivalent ounces sold (average spot) | 8,990,166 |
| All-in sustaining costs per average spot silver equivalent ounce | \$ 15.66 |

(1) Excludes development capital for Jualin, Guadalupe South Portal and Rochester expansion permitting.

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Six Months Ended June 30, 2018

| In thousands except per ounce amounts | Silver | | | Gold | | | Total |
|--|-----------|-----------|------------|------------|----------|-----------|------------|
| | Palmarejo | Rochester | Total | Kensington | Wharf | Total | |
| Costs applicable to sales, including amortization (U.S. GAAP) | \$92,364 | \$ 58,380 | \$ 150,744 | \$76,015 | \$40,577 | \$116,592 | \$ 267,336 |
| Amortization | 30,958 | 9,624 | 40,582 | 13,158 | 6,010 | 19,168 | 59,750 |
| Costs applicable to sales | \$61,406 | \$ 48,756 | \$ 110,162 | \$62,857 | \$34,567 | \$97,424 | \$ 207,586 |
| Silver equivalent ounces sold | 7,848,190 | 8,608,079 | 11,456,270 | | | | 17,260,190 |
| Gold equivalent ounces sold | | | | 55,928 | 40,804 | 96,732 | |
| Costs applicable to sales per ounce | \$7.82 | \$ 13.51 | \$ 9.62 | \$1,124 | \$847 | \$1,007 | \$ 12.03 |
| Costs applicable to sales per average spot ounce | \$6.79 | \$ 12.03 | \$ 8.42 | | | | \$ 10.01 |
| Costs applicable to sales | | | | | | | \$ 207,586 |
| Treatment and refining costs | | | | | | | 2,241 |
| Sustaining capital ⁽¹⁾ | | | | | | | 51,960 |
| General and administrative | | | | | | | 16,454 |
| Exploration | | | | | | | 13,112 |
| Reclamation | | | | | | | 9,199 |
| Project/pre-development costs | | | | | | | 1,938 |
| All-in sustaining costs | | | | | | | \$ 302,490 |
| Silver equivalent ounces sold | | | | | | | 11,456,270 |
| Kensington and Wharf silver equivalent ounces sold | | | | | | | 5,803,920 |
| Consolidated silver equivalent ounces sold | | | | | | | 17,260,190 |
| All-in sustaining costs per silver equivalent ounce | | | | | | | \$ 17.53 |
| Consolidated silver equivalent ounces sold (average spot) | | | | | | | 20,739,781 |
| All-in sustaining costs per average spot silver equivalent ounce | | | | | | | \$ 14.58 |

(1) Excludes development capital for Jualin and Silvertip.

Six Months Ended June 30, 2017

| In thousands except per ounce amounts | Silver | | | | Gold | | | Total |
|---|-----------|-----------|----------|------------|------------|----------|-----------|------------|
| | Palmarejo | Rochester | Endeavor | Total | Kensington | Wharf | Total | |
| Costs applicable to sales, including amortization (U.S. GAAP) | \$111,476 | \$ 61,354 | \$ 986 | \$ 173,816 | \$73,956 | \$37,748 | \$111,704 | \$ 285,520 |
| Amortization | 34,581 | 10,754 | 281 | 45,616 | 17,525 | 5,660 | 23,185 | 68,801 |
| Costs applicable to sales | \$76,895 | \$ 50,600 | \$ 705 | \$ 128,200 | \$56,431 | \$32,088 | \$88,519 | \$ 216,719 |
| Silver equivalent ounces sold | 7,422,969 | 3,878,209 | 98,999 | 11,400,177 | | | | 17,838,597 |
| Gold equivalent ounces sold | | | | | 61,175 | 46,132 | 107,307 | |
| Costs applicable to sales per ounce | \$10.36 | \$ 13.05 | \$ 7.12 | \$ 11.25 | \$922 | \$696 | \$825 | \$ 12.15 |
| Costs applicable to sales per average spot ounce | \$9.40 | \$ 12.17 | | \$ 10.31 | | | | \$ 10.78 |
| Costs applicable to sales | | | | | | | | \$ 216,719 |
| Treatment and refining costs | | | | | | | | 2,904 |
| Sustaining capital ⁽¹⁾ | | | | | | | | 28,365 |
| General and administrative | | | | | | | | 17,150 |

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| | |
|---|------------|
| Exploration | 13,065 |
| Reclamation | 6,920 |
| Project/pre-development costs | 3,096 |
| All-in sustaining costs | \$288,219 |
| Silver equivalent ounces sold | 11,400,177 |
| Kensington and Wharf silver equivalent ounces sold | 6,438,420 |
| Consolidated silver equivalent ounces sold | 17,838,597 |
| All-in sustaining costs per silver equivalent ounce | \$16.15 |
| Consolidated silver equivalent ounces sold (average spot) | 20,098,954 |
| All-in sustaining costs per average spot silver equivalent ounce | \$14.34 |
| (1) Excludes development capital for Jualin, Guadalupe South Portal and Rochester expansion permitting. | |

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Reconciliation of All-in Sustaining Costs per Silver Equivalent Ounce for Revised 2018 Guidance

| In thousands except per ounce amounts | Silver | | | | Gold | | | Total Combined |
|---|-----------------|-------------------|-------------------|--------------|---------------|---------------|------------|----------------|
| | Palmarejo | Rochester | Silvertip | Total Silver | Kensington | Wharf | Total Gold | |
| Costs applicable to sales, including amortization (U.S. GAAP) | \$ 200,000 | \$ 116,300 | \$ 55,600 | \$ 371,900 | \$ 146,100 | \$ 89,700 | \$ 235,800 | \$ 607,700 |
| Amortization | 65,000 | 18,900 | 14,000 | 97,900 | 40,400 | 12,100 | 52,500 | 150,400 |
| Costs applicable to sales | \$ 135,000 | \$ 97,400 | \$ 41,600 | \$ 274,000 | \$ 105,700 | \$ 77,600 | \$ 183,300 | \$ 457,300 |
| Silver equivalent ounces sold | 14,800,000 | 7,300,000 | 2,700,000 | 24,800,000 | | | | 37,100,000 |
| Gold equivalent ounces sold | | | | | 117,500 | 87,500 | 205,000 | |
| Costs applicable to sales per ounce | \$9.00 - \$9.50 | \$13.25 - \$13.75 | \$15.00 - \$15.50 | | \$900 - \$950 | \$850 - \$900 | | |

| | | | | | | | | |
|--|--|--|--|--|--|--|--|-------------------|
| Costs applicable to sales | | | | | | | | \$ 457,300 |
| Treatment and refining costs | | | | | | | | 9,000 |
| Sustaining capital, including capital lease payments | | | | | | | | 105,000 |
| General and administrative | | | | | | | | 33,000 |
| Exploration | | | | | | | | 26,000 |
| Reclamation | | | | | | | | 15,700 |
| Project/pre-development costs | | | | | | | | 2,900 |
| All-in sustaining costs | | | | | | | | \$ 648,900 |
| Silver equivalent ounces sold | | | | | | | | 24,800,000 |
| Kensington and Wharf silver equivalent ounces sold | | | | | | | | 12,300,000 |
| Consolidated silver equivalent ounces sold | | | | | | | | 37,100,000 |
| All-in sustaining costs per silver equivalent ounce | | | | | | | | \$17.25 - \$17.75 |

Reconciliation of All-in Sustaining Costs per Silver Equivalent Ounce for Previous 2018 Guidance

| In thousands except per ounce amounts | Silver | | | | Gold | | | Total Combined |
|---|-------------------|-------------------|-------------------|--------------|---------------|---------------|------------|----------------|
| | Palmarejo | Rochester | Silvertip | Total Silver | Kensington | Wharf | Total Gold | |
| Costs applicable to sales, including amortization (U.S. GAAP) | \$ 208,000 | \$ 116,300 | \$ 88,000 | \$ 412,300 | \$ 146,100 | \$ 89,700 | \$ 235,800 | \$ 648,100 |
| Amortization | 63,300 | 18,900 | 20,000 | 102,200 | 40,400 | 12,100 | 52,500 | 154,700 |
| Costs applicable to sales | \$ 144,700 | \$ 97,400 | \$ 68,000 | \$ 310,100 | \$ 105,700 | \$ 77,600 | \$ 183,300 | \$ 493,400 |
| Silver equivalent ounces sold | 13,700,000 | 7,300,000 | 4,500,000 | 25,500,000 | | | | 37,800,000 |
| Gold equivalent ounces sold | | | | | 117,500 | 87,500 | 205,000 | |
| Costs applicable to sales per ounce | \$10.50 - \$11.00 | \$13.25 - \$13.75 | \$15.00 - \$15.50 | | \$900 - \$950 | \$850 - \$900 | | |

| | | | | | | | | |
|--|--|--|--|--|--|--|--|------------|
| Costs applicable to sales | | | | | | | | \$ 493,400 |
| Treatment and refining costs | | | | | | | | 12,000 |
| Sustaining capital, including capital lease payments | | | | | | | | 100,000 |
| General and administrative | | | | | | | | 33,000 |
| Exploration | | | | | | | | 22,000 |
| Reclamation | | | | | | | | 15,700 |
| Project/pre-development costs | | | | | | | | 2,900 |
| All-in sustaining costs | | | | | | | | \$ 679,000 |
| Silver equivalent ounces sold | | | | | | | | 25,500,000 |
| Kensington and Wharf silver equivalent ounces sold | | | | | | | | 12,300,000 |

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| | |
|---|----------------------|
| Consolidated silver equivalent ounces sold | 37,800,000 |
| All-in sustaining costs per silver equivalent ounce | \$17.50 - \$18.00 |

Cautionary Statement Concerning Forward-Looking Statements

This report contains numerous forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) relating to the Company’s gold, silver, zinc and lead mining business, including statements regarding, estimated production, costs, capital expenditures, contingent payments for the Silvertip acquisition, timing of commercial production at Silvertip, expenses, metals prices, sufficiency of assets, ability to discharge liabilities, liquidity management, financing needs, environmental compliance expenditures, risk management strategies, cost reduction initiatives, capital discipline, and initiatives to maximize net cash flow, enhance revenues, reduce operating and non-operating costs, and manage working capital efficiently. Such forward-looking statements are identified by the use of words such as “believes,” “intends,” “expects,” “hopes,” “may,” “should,” “plan,” “project,” “contemplates,” “anticipates” or similar words. Actual results 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 in the “Risk Factors” section of the 2017 10-K, the Company’s Form 10-Q for the quarterly period ended March 31, 2018 and in this Management’s Discussion and Analysis of Financial Condition and Results of Operations, (ii) the risk that commercial production at Silvertip will be delayed, (iii) the risks and hazards inherent in the mining business (including risks inherent in developing large-scale mining projects, environmental hazards, industrial accidents, weather or geologically related conditions), (iv) changes in the market prices of gold, silver, zinc and lead and a sustained lower price environment, (v) the uncertainties inherent in the Company’s production, exploratory and developmental activities, including risks relating to permitting and regulatory delays, ground conditions and grade variability, (vi) any future labor disputes or work stoppages (involving the Company and its subsidiaries or third parties), (vii) the uncertainties inherent in the estimation of gold, silver, zinc and lead reserves and mineralized material, (viii) changes that could result from the Company’s future acquisition of new mining properties or businesses, (ix) the loss of access to any third-party smelter to whom the Company markets silver and gold, (x) the effects of environmental and other governmental regulations, (xi) the risks inherent in the ownership or operation of or investment in mining properties or businesses in foreign countries, and (xii) the Company’s ability to raise additional financing necessary to conduct its business, make payments or refinance its debt. Readers are cautioned not to put undue reliance on forward-looking statements. The Company disclaims any intent or obligation to update publicly these forward-looking statements, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to various market risks as a part of its operations and engages in risk management strategies to mitigate these risks. The Company continually evaluates the potential benefits of engaging in these strategies based on current market conditions. The Company does not actively engage in the practice of trading derivative instruments for profit. Additional information about the Company’s derivative financial instruments may be found in Note 11 -- Derivative Financial Instruments in the notes to the condensed consolidated financial statements. This discussion of the Company’s market risk assessments contains “forward looking statements”. For additional information regarding forward-looking statements and risks and uncertainties that could impact the Company, please refer to Item 2 of this Report - Cautionary Statement Concerning Forward-Looking Statements. Actual results and actions could differ materially from those discussed below.

Gold, Silver, Zinc and Lead Prices

Gold, silver, zinc, and lead prices may fluctuate widely due to numerous factors, such as U.S. dollar strength or weakness, demand, investor sentiment, inflation or deflation, and global mine production. The Company’s profitability and cash flow may be significantly impacted by changes in the market price of gold, silver, zinc, and lead.

Gold, Silver, Zinc and Lead Hedging

To mitigate the risks associated with gold, silver, zinc and lead price fluctuations, the Company may enter into option contracts to hedge future production. The Company had outstanding Asian put and call option contracts in net-zero-cost collar contracts on zinc at June 30, 2018. The weighted average strike prices on the put and call contracts are \$3,000 and \$4,050 per metric ton, respectively. The contracts are generally net cash settled and, if the price of zinc at the time of the expiration is between the put and call prices, would expire at no cost to the Company. At June 30, 2018, the fair market value of the put and call zero cost collar contracts was a net asset of \$0.4 million. During the six

months ended June 30, 2018, the Company recorded unrealized gains of \$0.4 million related to outstanding options which were included in Fair value adjustments, net.

Provisional Silver and Gold Sales

The Company enters into sales contracts with third-party smelters and refiners which, in some cases, provide for a provisional payment based upon preliminary assays and quoted metal prices. The provisionally priced sales contracts contain an embedded derivative that is required to be separated from the host contract. Depending on the difference between the price at the time of sale and the final settlement price, embedded derivatives are recorded as either a derivative asset or liability. The embedded derivatives do not qualify for hedge accounting and, as a result, are marked to the market gold and silver price at the end of each

period from the provisional sale date to the date of final settlement. The mark-to-market gains and losses are recorded in earnings. Changes in silver and gold prices resulted in provisional pricing mark-to-market losses of \$0.3 million and \$20 thousand in the three and six months ended June 30, 2018, respectively.

At June 30, 2018, the Company had outstanding provisionally priced sales of 35,787 ounces of gold at an average price of \$1,299. A 10% change in realized gold price would cause revenue to vary by \$4.6 million.

Foreign Currency

The Company operates, or has mineral interests, in several foreign countries including Canada, Mexico, and New Zealand, which exposes it to foreign currency exchange rate risks. Foreign currency exchange rates are influenced by world market factors beyond the Company's control such as supply and demand for U.S. and foreign currencies and related monetary and fiscal policies. Fluctuations in local currency exchange rates in relation to the U.S. dollar may significantly impact profitability and cash flow.

Foreign Exchange Hedging

To manage foreign currency risk, the Company may enter into foreign exchange forward and/or option contracts when the Company believes such contracts would be beneficial. The Company had no outstanding foreign exchange contracts at June 30, 2018.

Interest Rates

Interest Rate Hedging

We may use financial instruments to manage exposures to changes in interest rates on loans, which exposes us to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes us, which creates credit risk for us. When the fair value of a derivative contract is negative, we owe the counterparty and, therefore, it does not pose credit risk. We seek to minimize the credit risk in derivative instruments by entering into transactions with what we believe are high-quality counterparties. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The Company had an outstanding interest rate swap whereby the Company receives a variable rate in exchange for a floating rate at June 30, 2018.

Item 4. Controls and Procedures

(a) Disclosure Controls and Procedures

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

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

Based on an evaluation by the Company's Chief Executive Officer and Chief Financial Officer, such officers concluded

that there was no change in the Company's internal control over financial reporting during the three months ended June 30, 2018 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

Item 1. Legal Proceedings

See Note 20 -- Commitments and Contingencies in the notes to the Consolidated Financial Statements included herein.

Item 1A. Risk Factors

Item 1A -- Risk Factors of the 2017 10-K and the Company's Quarterly Report on Form 10-Q filed on April 25, 2018 set forth information relating to important risks and uncertainties that could materially adversely affect the Company's business, financial condition or operating results. Additional risks and uncertainties that the Company does not presently know or that it currently deems immaterial also may impair our business operations.

Item 4. Mine Safety Disclosures

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

Item 5. Other Information

In accordance with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, and the Company's insider trading policy, the transactions listed below were entered into by certain executive officers of the Company for diversification purposes. After giving effect to the transactions, each such executive officer would remain in compliance with the Company's executive stock ownership guidelines.

Peter C. Mitchell, the Company's Senior Vice President and Chief Financial Officer, entered into a selling plan effective May 1, 2018. Under the selling plan, between July 30, 2018 and March 13, 2019, Mr. Mitchell will sell a total of 70,000 shares of the Company's common stock so long as the market price of the common stock is higher than

a minimum threshold price specified in the plan.

- Frank L. Hanagarne, Jr., the Company's Senior Vice President and Chief Operating Officer, entered into a selling plan effective June 5, 2018. Under the selling plan, between July 27, 2018 and January 31, 2019, Mr. Hanagarne will sell a total of 11,410 shares of the Company's common stock so long as the market price of the common stock is higher than a minimum threshold price specified in the plan.

Rule 10b5-1 permits an insider to implement a written prearranged trading plan entered into at a time when the insider is not aware of any material nonpublic information about the Company and allows the insider to trade on a one-time or regularly scheduled basis regardless of any material nonpublic information about the Company thereafter received by the insider.

On July 23, 2018, Peter C. Mitchell, the Company's Senior Vice President and Chief Financial Officer, notified the Company of his intent to retire in early 2019, subject to a successor having been identified and prepared to assume the role.

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Item 6. Exhibits

- 10.1 Coeur Mining, Inc. 2018 Long-Term Incentive Plan (incorporated herein by reference to Exhibit 99.1 to the Registrant's Registration Statement on Form S-8 filed on May 8, 2018 (File No. 333-224751)).*
- 10.2 Form of Performance Share Agreement under the Coeur Mining, Inc. 2018 Long-Term Incentive Plan (incorporated herein by reference to Exhibit 99.2 to the Registrant's Registration Statement on Form S-8 filed on May 8, 2018 (File No. 333-224751)).*
- 10.3 Form of Incentive Stock Option Award Agreement under the Coeur Mining, Inc. 2018 Long-Term Incentive Plan (incorporated herein by reference to Exhibit 99.3 to the Registrant's Registration Statement on Form S-8 filed on May 8, 2018 (File No. 333-224751)).*
- 10.4 Form of Nonqualified Stock Option Award Agreement under the Coeur Mining, Inc. 2018 Long-Term Incentive Plan (incorporated herein by reference to Exhibit 99.4 to the Registrant's Registration Statement on Form S-8 filed on May 8, 2018 (File No. 333-224751)).*
- 10.5 Form of Cash-Settled Stock Appreciation Rights Award Agreement under the Coeur Mining, Inc. 2018 Long-Term Incentive Plan (incorporated herein by reference to Exhibit 99.5 to the Registrant's Registration Statement on Form S-8 filed on May 8, 2018 (File No. 333-224751)).*
- 10.6 Form of Performance Unit Agreement under the Coeur Mining, Inc. 2018 Long-Term Incentive Plan (incorporated herein by reference to Exhibit 99.6 to the Registrant's Registration Statement on Form S-8 filed on May 8, 2018 (File No. 333-224751)).*
- 10.7 Form of Restricted Stock Award Agreement under the Coeur Mining, Inc. 2018 Long-Term Incentive Plan (incorporated herein by reference to Exhibit 99.7 to the Registrant's Registration Statement on Form S-8 filed on May 8, 2018 (File No. 333-224751)).*
- 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).
- 95.1 Mine Safety Disclosure (Filed herewith).
- 101.INS XBRL Instance Document**
- 101.SCH XBRL Taxonomy Extension Schema**
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase**
- 101.DEF XBRL Taxonomy Extension Definition Linkbase**
- 101.LAB XBRL Taxonomy Extension Label Linkbase**
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase**

* Management contract or compensatory plan or arrangement.

** The following financial information from Coeur Mining, Inc.'s Annual Report on Form 10-Q for the three and six months ended June 30, 2018, formatted in XBRL (Extensible Business Reporting Language): Consolidated Statements of Comprehensive Income (Loss), Consolidated Statements of Cash Flows, Consolidated Balance Sheets, and Consolidated Statement of Changes in Stockholders' Equity

SIGNATURES

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

COEUR MINING, INC.
(Registrant)

Dated July 25, 2018 /s/ Mitchell J. Krebs
MITCHELL J. KREBS
President and Chief
Executive Officer
(Principal Executive
Officer)

Dated July 25, 2018 /s/ Peter C. Mitchell
PETER C. MITCHELL
Senior Vice President and
Chief Financial Officer
(Principal Financial
Officer)

Dated July 25, 2018 /s/ Ken Watkinson
KEN WATKINSON
Vice President, Corporate
Controller and Chief
Accounting Officer
(Principal Accounting
Officer)