

COEUR D ALENE MINES CORP

Form 424B5

September 12, 2003

Table of Contents

This filing is made pursuant to Rule 424(b)(5)
under the Securities Act of 1933 in connection with
Registration No. 333-101434

Prospectus Supplement to Prospectus Dated May 2, 2003

20,635,000 Shares

Coeur d Alene Mines Corporation

Common Stock

\$3.40 per share

Coeur d Alene Mines Corporation is offering 20,635,000 shares.

Our common stock is listed on the New York Stock Exchange under the symbol CDE. On September 11, 2003, the last reported sale price of our common stock on the New York Stock Exchange was \$3.47 per share.

Investing in our common stock involves risks. See Risk Factors beginning on page S-13.

| | Per Share | Total |
|-----------------------|------------------|--------------|
| Price to the Public | \$3.4000 | \$70,159,000 |
| Underwriting discount | 0.1785 | 3,683,348 |
| Proceeds to us | 3.2215 | 66,475,652 |

We have granted an over-allotment option to the underwriters. Under this option, the underwriters may elect to purchase a maximum of 3,095,250 additional shares from us within 30 days following the date of this prospectus to cover over-allotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the related prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

CIBC World Markets

Orion Securities

Sprott Securities

The date of this prospectus supplement is September 11, 2003

TABLE OF CONTENTS

Forward-Looking Statements
About this Prospectus Supplement
Prospectus Supplement Summary
The Offering
Risk Factors
Use of Proceeds
Dividend Policy
Common Stock Market Data
Capitalization
Executive Officers and Directors of Coeur
Description of Common Stock
Underwriting
Legal Matters
Experts
Where You Can Find More Information
Incorporation of Certain Documents by Reference
ABOUT THIS PROSPECTUS
THE COMPANY
USE OF PROCEEDS
RATIO OF EARNINGS TO FIXED CHARGES
SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS
RISK FACTORS
DESCRIPTION OF DEBT SECURITIES
DESCRIPTION OF WARRANTS
DESCRIPTION OF CAPITAL STOCK
SELLING SECURITYHOLDERS
PLAN OF DISTRIBUTION
LEGAL MATTERS
EXPERTS
CHANGE OF INDEPENDENT PUBLIC ACCOUNTANTS
WHERE YOU CAN FIND MORE INFORMATION
INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

| | Page |
|---|-------------|
| Forward-Looking Statements | S-ii |
| About this Prospectus Supplement | S-ii |
| Prospectus Supplement Summary | S-1 |
| Risk Factors | S-13 |
| Use of Proceeds | S-23 |
| Dividend Policy | S-23 |
| Common Stock Market Data | S-23 |
| Capitalization | S-24 |
| Executive Officers and Directors of Coeur | S-25 |
| Description of Common Stock | S-28 |
| Underwriting | S-29 |
| Legal Matters | S-31 |
| Experts | S-31 |
| Where You Can Find More Information | S-31 |
| Incorporation of Certain Documents by Reference | S-31 |
| Prospectus | |
| About This Prospectus | 1 |
| The Company | 2 |
| Use of Proceeds | 4 |
| Ratio of Earnings to Fixed Charges | 5 |
| Special Note Regarding Forward Looking Statements | 6 |
| Risk Factors | 6 |
| Description of 9% Notes | 18 |
| Description of Debt Securities | 33 |
| Description of Warrants | 39 |
| Description of Capital Stock | 41 |
| Selling Securityholders | 43 |
| Plan of Distribution | 46 |
| Certain United States Federal Tax Considerations | 48 |
| Legal Matters | 57 |
| Experts | 57 |
| Where You Can Find More Information | 57 |
| Incorporation of Certain Documents by Reference | 57 |

Table of Contents

Forward-Looking Statements

(Cautionary Statements Under the Private Securities Litigation Reform Act of 1995)

Some of the information included in this prospectus supplement and in the accompanying prospectus and other materials filed or to be filed by us with the Securities and Exchange Commission (the "SEC") (as well as information included in oral statements or other written statements made or to be made by us or our representatives) contains or may contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements can be identified by the fact that they do not relate strictly to historical or current facts and may include the words "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "plan" or other words or expressions of similar meaning. We have based these forward-looking statements on our current expectations about future events. The forward-looking statements include statements that reflect management's beliefs, plans, objectives, goals, expectations, anticipations and intentions with respect to our financial condition, results of operations, future performance and business, including statements relating to our business strategy and our current and future development plans.

Oral or written forward-looking statements are included in this prospectus supplement and in the accompanying prospectus and other materials filed or to be filed by us with the SEC (as well as information included in oral statements or other written statements made or to be made by us or our representatives). Although we believe, at the time made, that the expectations reflected in all of these forward-looking statements are and will be reasonable, any or all of the forward-looking statements in this prospectus, our Annual Report on Form 10-K and in any other public statements that are made may prove to be incorrect. This may occur as a result of inaccurate assumptions or as a consequence of known or unknown risks and uncertainties. Many factors discussed in this prospectus supplement and in the accompanying prospectus, some of which are beyond our control, will be important in determining our future performance. Consequently, actual results may differ materially from those that might be anticipated from forward-looking statements. In light of these and other uncertainties, you should not regard the inclusion of a forward-looking statement in this prospectus supplement or in the accompanying prospectus or other public communications that we might make as a representation by us that our plans and objectives will be achieved, and you should not place undue reliance on such forward-looking statements.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. However, your attention is directed to any further disclosures made on related subjects in our subsequent reports filed with the SEC on Forms 10-K, 10-Q and 8-K.

About this Prospectus Supplement

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering and some of which has been replaced or superseded by information in this prospectus supplement or in the documents incorporated by reference herein.

If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Table of Contents

Prospectus Supplement Summary

This summary is not complete and may not contain all of the information that may be important to you. You should read the entire prospectus supplement and accompanying prospectus carefully, as well as the documents incorporated by reference, before making an investment decision.

Overview

Coeur d'Alene Mines Corporation, the world's largest primary silver producer, is engaged in the exploration, development and operation of silver and gold mining properties located in the United States, Chile, Argentina and Bolivia.

Our recent performance results include:

Silver production increased by 36% from 2001 to 2002, and 19% from the first half of 2002 to the first half of 2003;

Gold production increased by 22% from 2001 to 2002, and 59% from the first half of 2002 to the first half of 2003;

Cash cost per silver ounce decreased from \$3.55 in the first half of 2002 to \$3.33 in the first half of 2003;

Realized silver prices increased from \$4.64 per ounce in the first half of 2002 to \$4.65 per ounce in the first half of 2003;

Realized gold prices increased from \$298 per ounce in the first half of 2002 to \$336 per ounce in the first half of 2003; and

Reduced our outstanding debenture indebtedness from approximately \$289 million outstanding as of January 1, 1998 to approximately \$19.1 million outstanding as of August 31, 2003 after giving pro forma effect, as of August 31, 2003, to the full redemption of our remaining 13 3/8% Convertible Senior Subordinated Notes due December 2003, which occurred on September 5, 2003.

We were incorporated in Idaho in 1928. Our principal executive office is located at 505 Front Avenue, P.O. Box I, Coeur d'Alene, Idaho 83814 and our telephone number is (208) 667-3511. Our website is www.coeur.com. Information contained in the web site is not incorporated by reference into this prospectus, and you should not consider information contained in the web site as part of this prospectus.

Our common shares have been listed on the New York Stock Exchange since April 18, 1990 under the symbol CDE.

Business Strategy

Our business strategy is to expand our position as the world's leading primary silver producer and a growing gold producer. We plan to do this through development projects, and exploration properties utilizing the exploration, development, and production expertise of our management team to be a leading producer of precious metals. The principal elements of our business strategy are to:

increase our silver and gold production and reserves;

decrease consolidated cash costs at our existing mining operations;

continue to explore for new silver and gold discoveries near our existing mine sites; and

explore, develop, and acquire mines, development projects, exploration properties or mining companies.

Principal Mining Properties

During 2002 and the six months ended June 30, 2003, we increased our silver and gold production. Our South American mines, Cerro Bayo and Martha, have accounted for most of our recent production increases and cash flow growth. Our North American mines, Rochester and Galena, form a solid foundation for this new generation of South American precious metal mines. Exploration on our South American properties has generated positive results at relatively low discovery costs, and we anticipate the continued addition of high-grade reserves at these properties.

Table of Contents

Our most significant mining properties are described below:

Operating Mines

Cerro Bayo, Chile

The Cerro Bayo mine, located in Southern Chile, is a high-grade gold and silver mine utilizing both underground and open pit mining methods, and is one of the lowest cost silver mines in the world. The property includes multiple low sulfide epithermal veins containing gold and silver. After our discovery of the deposit in 2000 and exploration and delineation drilling soon thereafter, we commenced initial mining operations in late 2001 and processing in April 2002. We have been granted exploitation concessions covering the mineralized areas of the property as well as the necessary surface rights to permit mining. Exploitation concessions are the Chilean equivalent to an unpatented claim, in which the holder does not have title to the surface, which must be separately acquired from the surface owner. The ore processing mill at the Cerro Bayo mine, which has a design capacity of 1,650 tons per day, uses a standard flotation process to produce a high-grade gold and silver concentrate. We sell this concentrate to third-party smelters, primarily in Japan. We currently estimate our metallurgical recovery rates to be 88% for gold and 91% for silver.

We spent approximately \$1.4 million for exploration at Cerro Bayo during 2002 and completed a total of 87,250 feet of core drilling in 240 holes. We successfully discovered new reserves and mineralized material in six veins totaling 791,827 tons of ore with an average grade of 10.4 ounces of silver per ton and 0.16 ounces of gold per ton. The six veins are Lucero Norte, Lucero Sur, Luz Eliana, Celia Sur, Marta Sur and, most significantly, the Javiera vein.

We determined that the reserves discovered on the Javiera vein during 2002 were sufficient to justify the construction of a new portal located 800 meters north of the Cerro Bayo mine beginning in the first quarter of 2003. Production from the Javiera vein is expected to commence during the fourth quarter of 2003.

At the end of 2002, we also discovered the Wendy vein with a drill hole containing 7.5 feet of 67.5 ounces of silver equivalent per ton. We use a conversion ratio of one ounce of gold equivalent per ton to seventy ounces of silver equivalent per ton. The Wendy vein is located 50 feet west of the Javiera vein and has a strike length of over 2,600 feet. We believe the resource potential of the Wendy vein is significant, and we will continue our evaluations during the remainder of 2003.

The numerous epithermal veins located within the 122 square mile property package surrounding the Cerro Bayo deposit offer exploration and development opportunities for us. To date, we have only focused our exploration efforts on a small percentage of the veins within the prospective Cerro Bayo trend, which is 2.5 miles east-west by 6 miles north-south in length. Based on our results and exploration there, we consider the potential to discover additional high grade veins within the trend to be excellent. We have discovered over 50 veins, the majority of which are located within 9 miles of our existing mines and processing infrastructure.

We increased our exploration budget for 2003 to \$1.8 million, which we expect will be sufficient to drill over 100,000 feet in over 300 core holes. Furthermore, we have initiated internal scoping studies to expand production by mining ancillary lower grade deposits known to exist on the Cerro Bayo property, and adding to the high-grade epithermal deposits.

Martha, Argentina

We own and operate the high-grade underground and open pit Martha silver mine, which is located 270 miles southeast of the Cerro Bayo mine in the Santa Cruz Province in Argentina. In April 2002, we acquired 145,000 acres including the Martha mine. We also acquired an additional 153,000 acres of exploration stage properties in Santa Cruz Province through our own reconnaissance. In June, 2002, we commenced shipping Martha's high-grade ore to the Cerro Bayo mine for combined processing.

With production underway, we also experienced positive exploration results at the Martha mine. We commenced exploration efforts during the second half of 2002 and focused primarily on the Martha vein located within the 100 acre Martha property. The Martha vein, which is exposed for over one mile at the surface, is one of six currently known veins that underwent limited exploration prior to our acquisition. Our efforts in 2002 consisted of mapping, sampling and the

Table of Contents

drilling of 89 holes totaling 21,320 feet. Our total expenditures during 2002 were \$0.2 million.

In 2002, we successfully discovered extensions of high grade ore along the strike of the Martha vein within the mine itself. We also located a new high-grade ore shoot called the R 4 Zone located approximately 300 feet southeast of the mine. The R 4 Zone remains open along strike, indicating that additional high-grade reserves may be subsequently discovered.

As of December 31, 2002, we reported ore reserves in the R 4 Zone of 27,928 tons averaging 0.12 ounces of gold per ton and 143 ounces of silver per ton for a total of 4.2 million silver equivalent ounces. Based upon recently available additional drill information, additional geologic interpretation and detailed mine planning completed during the third quarter of 2003, we now estimate reserves in the R 4 Zone of 11,892 tons averaging 0.095 ounces of gold per ton and 91 ounces of silver per ton for a total of 1.2 million silver equivalent ounces. After giving effect to this additional information, our reserve contained ounces of silver at the Cerro Bayo and Martha properties, as of December 31, 2002, would have been 10.4 million ounces of silver instead of 13.3 million ounces of silver and 139,000 ounces of gold instead of 141,000 ounces of gold as we previously reported, and our reserves for all of our properties would have been 72.1 million ounces of silver and 2.3 million ounces of gold instead of 75 million ounces of silver and 2.3 million ounces of gold as we previously reported. As a result of the additional work, we have discovered three highly prospective zones within the R 4 Zone that we expect will result in an increase to the ore reserve. We are currently drilling these zones and expect to update our ore reserve estimate by the beginning of the fourth quarter of 2003.

We have also initiated ground reconnaissance on our land holdings in the Santa Cruz Province surrounding the Martha mine, as well as 90 miles to the north surrounding our Lejano property, which also contains a significant silver resource. We discovered numerous new epithermal veins that contain high grade gold and silver mineralization on the surface. We have continuously mapped one of these veins, which is up to 13 feet wide, for over 3.5 miles at the surface. Due to these positive results, we have increased our property holdings in the area by approximately 50% to 450 square miles.

Cerro Bayo/ Martha Mines Proven and Probable Ore Reserves and

Mineralized Material at December 31, 2002

| | Proven and Probable Ore Reserves | Mineralized Material |
|------------------------------------|---|---------------------------------|
| | <hr/> | <hr/> |
| Tons (000 s) | 993 | 1,067 |
| Ounces of silver per ton | 13.39 | 7.94 |
| Contained ounces of silver (000 s) | 10,389(1) | |
| Ounces of gold per ton | 0.14 | 0.12 |
| Contained ounces of gold | 141,000 | |

(1) We previously reported 13,293,000 contained ounces of silver at the Cerro Bayo and Martha properties at December 31, 2002 but have revised this figure based on additional information. See the discussion of the Cerro Bayo and Martha properties above.

Rochester, Nevada

The Rochester mine is a silver and gold surface mining operation located in northwestern Nevada. It is one of the largest and lowest cost primary silver mines in the United States. We commenced operations at Rochester in 1986, and it continues to be a stable base of silver and gold production for us. During 1999, we acquired the mineral rights to the Nevada Packard property, which is located one and one-half miles south of the Rochester mine.

The Rochester property consists of 16 patented and 541 unpatented contiguous mining claims and 54 mill-site claims totaling approximately 11,000 acres. We utilize the heap leaching process

Table of Contents

at the mine to extract both silver and gold from ore mined using conventional open pit methods. We crush ore to approximately 3/8 inch and then transport it by conveyor to a loadout facility where it is transferred to 150 ton trucks. The trucks transport the ore to leach pads where we apply a solution via drip irrigation to dissolve the silver and gold contained in the ore. We haul some low-grade ores directly, as run-of-mine ore, which does not undergo any crushing, to leach pads where solution is applied to dissolve the silver and gold contained in the ore. We pump the solutions containing the dissolved silver and gold to a processing plant where zinc precipitation is used to recover the silver and gold from solution.

Based upon actual operating experience and metallurgical testing, we estimate recovery rates of 61.5% for silver and 93% for gold on crushed ore. The leach cycle at the Rochester mine requires approximately seven years from the point ore is placed on the leach pad until all recoverable metal is recovered. However, a significant proportion of metal recovery occurs in the early years.

During 2003, we began relocating and upgrading our existing crushing facility to access a portion of the reserves contained underneath the existing crusher and to expand our leach pad at an estimated cost of approximately \$11.2 million. As a result, during the first six months of 2003, production was lower and per ounce operating costs were higher than historically experienced. We expect the crusher relocation project to be completed during the fourth quarter of 2003 and expect that production levels and per ounce operating costs will return to historical levels after that time. At the Nevada Packard satellite deposit, we received all required permits to commence mining, which began in the first quarter of 2003.

Rochester Mine Proven and Probable Ore Reserves and**Mineralized Material at December 31, 2002**

| | Proven and Probable Ore Reserves | Mineralized Material |
|------------------------------------|---|---------------------------------|
| | <hr/> | <hr/> |
| Tons (000 s) | 46,946 | 33,756 |
| Ounces of silver per ton | 0.85 | 0.77 |
| Contained ounces of silver (000 s) | 39,717 | |
| Ounces of gold per ton | 0.008 | 0.009 |
| Contained ounces of gold | 365,000 | |

Coeur Silver Valley, Idaho

We own and operate the Galena underground silver-copper mine and the Coeur and Caladay properties that adjoin the Galena mine and we have operating control of several contiguous exploration properties in the Coeur d Alene Silver Mining District of Idaho. With recent improvements to our financial condition, during the second half of 2003, we commenced an optimization plan at Silver Valley designed to locate, develop and mine additional resources believed to exist on the property with an annual eventual production target of seven million ounces of silver. Due to financial constraints and low precious metals prices during the past three years, we did not fund significant exploration activity at Silver Valley. We believe that there are significant opportunities in the exploration of Silver Valley and the surrounding area, in addition to site expansion and consolidation.

The Galena mine is served by two vertical shafts and utilizes conventional and mechanized cut and fill mining methods with sand backfill to extract ore from the high grade silver-copper vein deposits that constitute the majority of the ore reserves. We recover silver and copper by a flotation mill that produces a silver rich concentrate which we sell to third-party smelters in Canada. We deposit waste material from the milling process in a tailings pond located approximately two miles from the minesite. The tailings containment pond, which can be expanded on an as needed basis, has capacity for approximately nine additional years at current production rates.

Table of Contents

A comprehensive geological study of the immediate mine area has led to a much greater understanding of the geologic controls at Coeur Silver Valley. As a direct consequence, we have been able to discover new high-grade silver veins and to more efficiently extend many of the most prolific vein systems to depth and, in some instances, towards the upper levels of the Galena mine.

The Coeur property is located adjacent to the Galena mine and consists of approximately 868 acres comprised of 38 patented mining claims and four unpatented mining claims. The mine has been on care and maintenance since 1998, thus there has been no mining activity; however, we believe that significant potential exists to discover additional high grade silver veins beneath the current limit of the underground workings. In addition, the Coeur mine property is connected to the Galena mine, thus any future discoveries at either mine could be efficiently developed and processed at either facility. This connection is currently being utilized to improve ventilation and safety systems at Galena.

Based on our analysis of the existing Galena mine underground workings and drilling results on the Galena property, we believe that geologic conditions similar to those at Galena may extend into the Caladay property below the level of the current Caladay shaft. The Galena mine and the Caladay property are connected. In addition, the Caladay facilities benefit Galena mine operations by providing additional ventilation.

Coeur Silver Valley Mine Proven and Probable Ore Reserves and**Mineralized Material at December 31, 2002**

| | Proven and Probable Ore Reserves | Mineralized Material |
|------------------------------------|---|---------------------------------|
| Tons (000 s) | 952 | 2,259 |
| Ounces of silver per ton | 23.09 | 11.56 |
| Contained ounces of silver (000 s) | 21,987 | |

Operating Mine Production Summary

The following table summarizes our operating mine production for the three years ended December 31, 2000, 2001 and 2002 and for the six months ended June 30, 2002 and 2003:

| | Year Ended December 31, | | | Six Months Ended June 30, | |
|-----------------------------------|--------------------------------|-------------|-------------|----------------------------------|-------------|
| | 2002 | 2001 | 2000 | 2003 | 2002 |
| Cerro Bayo/ Martha Mine(1) | | | | | |
| Silver ozs. | 3,112,169 | | 939,882 | 2,625,202 | 260,543 |
| Gold ozs. | 45,209 | | 16,077 | 36,954 | 5,919 |
| Cash Costs per oz./silver | \$ 0.38 | | \$ 10.10 | \$ 0.54 | \$ 1.39 |
| Rochester Mine | | | | | |
| Silver ozs. | 6,417,792 | 6,348,292 | 6,678,274 | 2,443,046 | 3,053,210 |
| Gold ozs. | 71,905 | 78,200 | 75,886 | 25,891 | 33,555 |
| Cash Costs per oz./silver | \$ 2.99 | \$ 3.09 | \$ 3.21 | \$ 5.28 | \$ 3.27 |
| Galena Mine | | | | | |
| Silver ozs | 5,302,721 | 4,507,652 | 4,013,891 | 2,296,467 | 2,856,991 |
| Cash Costs per oz./silver | \$ 4.25 | \$ 4.62 | \$ 4.59 | \$ 4.46 | \$ 4.05 |
| Petorca Mine(2) | | | | | |
| Gold ozs. | | 17,945 | 26,891 | | |
| Silver ozs. | | 86,599 | 57,854 | | |
| Cash Costs per oz./gold | | \$ 341 | \$ 345 | | |
| Yilgarn Star Mine(3) | | | | | |
| Gold ozs. | | | 26,046 | | |

Cash Costs per
oz./gold

\$ 227

S-5

Table of Contents

| | Year Ended December 31, | | | Six Months Ended June 30, | |
|---|-------------------------|------------|------------|---------------------------|-----------|
| | 2002 | 2001 | 2000 | 2003 | 2002 |
| Consolidated Production Totals | | | | | |
| Silver ozs. | 14,832,682 | 10,942,543 | 11,689,901 | 7,364,715 | 6,170,744 |
| Gold ozs. | 117,114 | 96,145 | 144,900 | 62,845 | 39,474 |
| Consolidated Price and Cost Totals | | | | | |
| Realized price per ounce of silver | \$ 4.64 | \$ 4.34 | \$ 4.94 | \$ 4.65 | \$ 4.64 |
| Realized price per ounce of gold | \$ 312 | \$ 275 | \$ 307 | \$ 336 | \$ 298 |
| Primary silver cost per ounce | \$ 2.89 | \$ 3.71 | \$ 5.55 | \$ 3.33 | \$ 3.55 |

- (1) We discontinued operations at the original Fachinal mine in December 2000 and commenced production at Cerro Bayo in April 2002 and at Martha in June 2002.
- (2) We closed the Petorca mine in August 2001.
- (3) We sold our interest in the Yilgarn Star mine on December 31, 2000.

See reconciliation of non-GAAP cash costs to GAAP production costs in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2002 and our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2003 that are incorporated by reference into this prospectus supplement and the accompanying prospectus.

Note: Cash Costs per Ounce are calculated by dividing the cash costs computed for each of our mining properties for a specified period by the amount of silver ounces produced by that property during that same period. Management uses cash costs per ounce produced as a key indicator of the profitability of each of our mining properties. Gold and silver are sold and priced in the world financial markets on a US dollar per ounce basis. By calculating the cash costs from each of our mines on the same unit basis, management can determine the gross margin that each ounce of gold and silver produced is generating.

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

Total cash costs per ounce is a non-GAAP measurement and investors are cautioned not to place undue reliance on it and are urged to read all GAAP accounting disclosures presented in the consolidated financial statements and accompanying footnotes.

Development Projects*San Bartolomé, Bolivia*

We control the mining rights for the San Bartolomé project, a silver property in Bolivia. We completed a prefeasibility study in 2000, which concluded that a 7,000 to 7,500 ton per day mining operation could be constructed at an estimated capital cost of \$70 million to \$90 million. According to the study, the operation would be capable of producing approximately 6 million ounces of silver annually at an estimated cash cost of \$3.50 per ounce over a mine life of eight to ten years. A final feasibility study for the San Bartolomé project is scheduled for completion in the first quarter of 2004. Depending on the results of the final feasibility study and market conditions, construction and development of San Bartolomé could start during 2004 with production commencing in late 2005.

Edgar Filing: COEUR D ALENE MINES CORP - Form 424B5

We recently completed an independent ore reserves report for the San Bartolomé project and have reclassified a significant portion of the previously reported mineralized material containing 40.3 million tons of ore with an average grade of 3.14 per ton to proven and probable ore reserves.

S-6

Table of Contents**San Bartolomé Proven and Probable Ore Reserves at June 30, 2003**

| | <u>June 30, 2003</u> |
|------------------------------------|----------------------|
| Tons (000 s) | 35,300 |
| Ounces of silver per ton | 3.48 |
| Contained ounces of silver (000 s) | 123,000 |

Kensington, Alaska

We own the Kensington Property, located north of Juneau, Alaska. Optimization studies completed in 1999 and 2000 estimated cash operating costs of approximately \$225 per ounce of gold to produce an average of approximately 175,000 ounces per year for an estimated mine-life of 10 years with an estimated capital cost of approximately \$150 million. We are completing additional optimization work during 2003 and plan to update the feasibility study incorporating the results of the optimization work. We entered into a memorandum of understanding with state and federal environmental agencies in July 2003, which outlines the roles and responsibilities of the agencies with respect to the final environmental impact statement for Kensington estimated to be completed in January 2004. We anticipate receiving all necessary permits for Kensington by the end of January 2004, and we plan to reach a final decision on developing the mine after completion of the permitting and feasibility study update.

Kensington Property Proven and Probable Ore Reserves and**Mineralized Material at December 31, 2002**

| | <u>Proven and Probable Ore Reserves</u> | <u>Mineralized Material</u> |
|--------------------------|---|---------------------------------|
| Tons (000 s) | 10,946 | 12,014 |
| Ounces of gold per ton | 0.16 | 0.12 |
| Contained ounces of gold | 1,751,000 | |

Other Exploration Properties

We continue to search for silver and gold mining properties and companies with a view to expanding our silver and gold production profile and reserves and reducing our cash costs and total costs. We, either directly or through our wholly-owned subsidiaries, own, lease and hold interests in some exploration-stage mining properties located in the United States, Chile, Argentina and Bolivia.

In keeping with our overall efforts to focus our financial resources, we conducted 100% of our 2002 exploration program on or near existing properties where infrastructure and production facilities are already in place. During 2003, we have continued to focus our exploration efforts on our existing properties, particularly at the Cerro Bayo mine in Chile and the Martha mine in Argentina.

Recent Developments**Operational Developments**

Driven primarily by positive results at our Cerro Bayo and Martha mines, along with increased precious metals pricing, our operational results have recently improved. During 2003, we:

Produced 7.4 million ounces of silver in the first six months of the year, an increase of 19% from the first six months of 2002;

Produced 62,800 ounces of gold in the first six months of the year, an increase of 59% from the first six months of 2002;

Converted a significant portion of the reported mineralized materials at San Bartolomé to reserves measuring 35.3 million tons averaging 3.48 ounces of silver per ton,

Table of Contents

thereby containing 123 million ounces of silver;

Added 240,319 tons of mineralized material averaging 0.39 gold equivalent ounces per ton on the Cerro Bayo property during the first half of 2003; and

Entered into a memorandum of understanding with state and federal agencies that establishes the schedule for the Kensington project permits. We anticipate receiving all necessary permits for Kensington by the end of January 2004 and plan to reach a final decision on developing the mine after completion of the permitting and feasibility study update.

Financial Developments

Debt Reduction Since 1998: Beginning in 1998, we have undertaken a program to substantially reduce our outstanding debenture indebtedness, of which approximately \$289 million was outstanding as of January 1, 1998. Under this program, we reduced our debenture indebtedness to \$79.5 million at December 31, 2002 and \$59.8 million at June 30, 2003. As of June 30, 2003, we had cash and cash equivalents and short-term investments of \$19.8 million. This amount includes an aggregate of \$11.5 million we raised in the second quarter of 2003 by selling 9.3 million shares of common stock to an institutional investor at \$1.23 per share. The proceeds of this sale were used for general corporate purposes and working capital needs.

Additional Third Quarter 2003 Debt Reduction: Since June 30, 2003, we have completed additional transactions to further reduce interest expense and increase cash flow. Some of our recent financing activities include the following:

Elimination of 13 3/8% Notes due 2003: Between June 30, 2003 and September 5, 2003, holders of an aggregate principal amount of \$9.8 million of our 13 3/8% Convertible Senior Subordinated Notes due December 2003 converted such notes into 7.3 million shares of our common stock in accordance with the terms of the indenture governing the 13 3/8% Notes, and on September 5, 2003, we completed our previously announced redemption of the remaining approximately \$61,000 aggregate principal amount of such 13 3/8% Notes for approximately \$64,000 including accrued interest;

Partial Conversion of 6 3/8% Notes due 2004 and 7 1/4% Notes due 2005: Between June 30, 2003 and August 31, 2003, we exchanged 0.8 million shares of common stock for \$1.0 million principal amount of our 6 3/8% Convertible Subordinated Debentures due January 2004, and exchanged 0.3 million shares of common stock for \$0.4 million principal amount of our 7 1/4% Convertible Subordinated Debentures due October 2005 in privately negotiated transactions; and

Significant Conversion of 9% Notes due 2007: On July 10, 2003 we entered into agreements with the holders of our 9% Senior Subordinated Notes due February 2007 to convert \$32.6 million principal amount of such 9% Notes into 27.5 million shares of our common stock, resulting in a 1.1 million share reduction in the number of shares that would have been issued had the 9% Notes been held until maturity.

After giving pro forma effect, as of August 31, 2003, to the full redemption of our remaining 13 3/8% Convertible Senior Subordinated Notes due December 2003, which occurred on September 5, 2003, total debenture indebtedness will be \$19.1 million, of which approximately \$4.9 million is due in January 2004, approximately \$9.6 million is due in October 2005 and approximately \$4.6 million is due in 2007.

Table of Contents

The Offering

Common stock offered 20,635,000 shares

Common stock to be outstanding after the offering(1) 206,276,173 shares

Use of proceeds We estimate that the proceeds of this offering after payment of fees and expenses and assuming that the underwriters' overallotment option is not exercised, will be approximately \$66 million. We expect to use the net proceeds for additional exploration and development activities at the Cerro Bayo and Martha mines, and possible development of the San Bartolomé mine, upon which a construction decision is expected in the first quarter of 2004. Any remaining amount will be used for general corporate purposes, including the pursuit of our business strategy, and potentially to repay our outstanding indebtedness, which may consist of our 6 3/8% Convertible Subordinated Debentures due January 2004, our 7 1/4% Convertible Subordinated Debentures due October 2005 or our 9% Senior Subordinated Notes due February 2007.

New York Stock Exchange symbol CDE

(1) As of August 31, 2003 and based on 185,641,173 shares outstanding, net of 1,059,211 shares held as treasury stock, in each case as of such date and assuming that the underwriters' overallotment option is not exercised. This does not give effect to any conversions of our convertible debt into shares of common stock after August 31, 2003.

Table of Contents**Summary Consolidated Financial Information**

This section presents our summary historical financial data. You should read carefully the financial statements incorporated by reference into this prospectus supplement, including the notes to the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2002 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003 and June 30, 2003, which are incorporated by reference in this prospectus supplement and the accompanying prospectus. The selected data in this section is not intended to replace the financial statements.

We derived the income statement data for the years ended December 31, 2000, 2001 and 2002, and balance sheet data as of such dates from the audited financial statements incorporated by reference into this prospectus supplement. We derived the income statement for the six months ended June 30, 2002 and 2003 and balance sheet data as of such dates from the unaudited financial statements incorporated by reference into this prospectus supplement. Our management believes that the unaudited historical financial statements contain all adjustments needed to present fairly the information included in those statements, and that the adjustments made consist only of normal recurring adjustments.

| | Year Ended December 31, | | | Six Months Ended June 30, | |
|---|-------------------------|-------------------|--------------------|---------------------------|--------------------|
| | 2002 | 2001 | 2000 | 2003 | 2002 |
| (in thousands) | | | | | |
| Income Statement Data: | | | | | |
| Revenues: | | | | | |
| Sales of metal | \$ 85,944 | \$ 69,200 | \$ 93,174 | \$ 54,732 | \$ 36,034 |
| Other income(1) | 8,544 | 2,712 | 8,032 | 745 | 3,092 |
| Total revenues | 94,488 | 71,912 | 101,206 | 55,477 | 39,126 |
| Costs and expenses: | | | | | |
| Production costs | 82,855 | 69,149 | 86,661 | 36,891 | 34,276 |
| Depreciation and depletion | 13,511 | 11,347 | 20,785 | 9,698 | 5,411 |
| Administrative and general | 8,806 | 8,122 | 9,714 | 5,465 | 4,569 |
| Mining exploration | 3,849 | 6,362 | 6,737 | 2,214 | 1,611 |
| Pre-feasibility | 2,606 | 3,684 | 2,675 | 766 | 1,782 |
| Interest expense | 21,948 | 14,592 | 16,999 | 4,023 | 9,848 |
| Write-down of mining properties and other(2) | 23,060 | 9,946 | 21,236 | 1,568 | 1,460 |
| Loss (Gain) on early retirement of debt(3) | 19,061 | (48,217) | (16,136) | 28,188 | 2,920 |
| Total expenses | 175,696 | 74,985 | 148,671 | 88,813 | 61,877 |
| Net loss from operations before Income taxes | (81,208) | (3,073) | (47,465) | (33,336) | (22,751) |
| (Provision) benefit for income taxes | | 6 | (348) | 7 | |
| Net loss before cumulative effect of change in accounting principle | (81,208) | (3,067) | (47,813) | (33,329) | (22,751) |
| Cumulative effect of change in accounting principle | | | | (2,306) | |
| Net loss | (81,208) | (3,067) | (47,813) | (35,635) | (22,751) |
| Other comprehensive loss | (1,470) | 821 | (297) | (397) | (477) |
| Comprehensive loss | \$ (82,678) | \$ (2,246) | \$ (48,110) | \$ (36,032) | \$ (23,228) |

Table of Contents

| | Year Ended December 31, | | | Six Months Ended June 30, | |
|---|-------------------------|------------|------------|---------------------------|------------|
| | 2002 | 2001 | 2000 | 2003 | 2002 |
| (in thousands, except per share data) | | | | | |
| Basic and Diluted Earnings Per Share | | | | | |
| Data: | | | | | |
| Net loss per share | \$ (1.04) | \$ (0.07) | \$ (1.41) | \$ (0.26) | \$ (0.38) |
| Cash dividends paid per common share | \$ | \$ | \$ | \$ | \$ |
| Weighted average shares of common stock | 78,193 | 41,946 | 35,439 | 138,724 | 60,008 |
| Balance Sheet Data: | | | | | |
| Total assets | \$ 173,088 | \$ 210,380 | \$ 271,377 | \$ 195,813 | \$ 202,672 |
| Working capital (restated)(4) | \$ 6,645 | \$ 16,270 | \$ 52,263 | \$ 20,812 | \$ 26,016 |
| Long-term liabilities | \$ 89,711 | \$ 141,877 | \$ 228,659 | \$ 73,015 | \$ 140,841 |
| Shareholders equity | \$ 47,298 | \$ 26,788 | \$ 17,440 | \$ 85,062 | \$ 41,929 |

- (1) Included in other income for the year 2002 are: (i) the gain on the sale of Petorca of \$1.4 million, and (ii) a gain on the sale of other assets of \$3.2 million in 2001. Included in other income in 2001 was interest income of \$2.7 million. Included in other income for the year 2000 are: (i) a gain recorded on mark to market of our gold call positions sold of \$4.1 million, and (ii) loss on investment in Pan American Silver Corp. stock of \$2.3 million.
- (2) The year 2002 includes an impairment to the Coeur Silver Valley properties of \$19.0 million. In 2001, we evaluated the recoverability of our investment in the Kensington development property and determined that our investment in the Kensington development property was impaired. The total amount of the impairment was \$6.1 million. On March 16, 2001, we reached an agreement in principle with representatives of the United States to settle the lawsuit filed by the government in March 1996 in the U.S. District Court for the District of Idaho alleging response cost damages to federal natural resources in the Coeur d Alene River Basin as a result of alleged releases of hazardous substances from prior mining activities in the area. The terms of the proposed settlement, which are subject to final Justice Department and court approval, provide for payments by us to the government of approximately \$3.9 million plus a maximum of \$3.0 million of future conditional net smelter royalty payments. As a result, during fiscal 2001, we recorded an expense of approximately \$4.2 million for settlement of this lawsuit, including \$3.9 million in payments and estimated legal fees and other costs. As a consequence of the sale of our shareholding in Gasgoyne Gold Mines NL, we recorded a write-down of \$12.2 million in 2000 to reflect the excess book value of our shareholding above the \$15.6 million sales price.
- (3) In September 2002, the EITF issued 02-15, Determining Whether Certain Conversions of Convertible Debt to Equity Securities Are within the Scope of FASB Statement No. 84. The EITF concluded that the conversion of debt to equity pursuant to inducement should be accounted for in accordance with SFAS No. 84. SFAS No. 84 requires a non-cash charge to earnings for the implied value of an inducement to convert from convertible debt to common equity securities of the issuer. SFAS No. 84 does not apply, however, if the conversion of convertible debt is under the original terms of the debenture.

We applied the provisions of SFAS No. 84 to all convertible debt for equity exchange transactions completed after September 11, 2002. In the fourth quarter of 2002, we purchased \$10.3 million and \$2.7 million aggregate principal amount of our 6 3/8% and 7 1/4% Convertible Subordinated Debentures, respectively. We issued approximately 8.7 million shares of our common stock with a market value of approximately \$17.2 million. The value of securities issuable pursuant to original conversion privileges was approximately \$1.1 million. Therefore, pursuant to the provisions of SFAS No. 84, an induced debt conversion expense of \$16.1 million was recorded and is included in gain (loss) on early retirement of debt in the consolidated statement of operations for the year December 31, 2002.

We purchased \$13.7 million, \$0.8 million and \$0.3 million aggregate principal amount of our 6%, 6 3/8%, and 7 1/4% Convertible Subordinated Debentures during the first half of 2002. We issued approximately 15.7 million shares of our common stock worth approximately \$17.7 million in exchange for these debentures. Transactions completed prior to September 11, 2002 were accounted for as extinguishments of debt, in accordance with APB No. 26, Early Extinguishment of Debt. The net loss on the early extinguishment of the debt, including unamortized debt issuance costs, was \$2.9 million and was recorded as a loss on early retirement of debt in the consolidated statement of operations for the year December 31, 2002.

During the first half of 2001, we issued 6.0 million shares of common stock in exchange for approximately \$16 million in principal amount of our 7 1/4% Convertible Subordinated Debentures due 2005, and recorded a gain of approximately \$8.9 million. During the third quarter of 2001, we completed an exchange offer whereby existing convertible subordinated debenture holders could exchange their existing debt for the newly

Edgar Filing: COEUR D ALENE MINES CORP - Form 424B5

registered 13 3/8% Convertible Senior Subordinated Notes due 2003. As a result of the exchange offer, we recorded a gain of \$39.2 million, net of taxes and offering costs in the third quarter of 2001. During the fourth quarter of 2000, we repurchased approximately \$2.1 million principal amount of our 6% Convertible Subordinated Debentures and approximately \$22.0 million principal amount of our outstanding 7 1/4% Convertible Subordinated Debentures due 2005. The price paid by us for those repurchased debentures was approximately \$8.9 million. As a result of those additional repurchases, we recorded a gain of approximately \$15.0 million. In June 2000, we repurchased approximately \$7.0 million principal amount of our 6% Convertible Subordinated Debentures due 2002 pursuant to a cash tender offer that commenced on May 9, 2000 and expired as scheduled on June 8, 2000. The price paid by us for the

S-11

Table of Contents

repurchased debentures was approximately \$5.0 million plus accrued and unpaid interest of \$3,500. During the quarter ended June 30, 2000, we recorded a gain of approximately \$1.1 million, net of tender offer expenses, as a result of the repurchase.

During the first half of 2003, holders of \$2.8 million of our 13 3/8% Convertible Senior Subordinated Notes due December 31, 2003 voluntarily converted such notes, in accordance with original terms, into approximately 2.1 million shares of common stock. In addition, 0.1 million shares of common stock were issued as payment for \$0.2 million of interest expense on the 13 3/8% Convertible Senior Subordinated Notes.

During the first half of 2003, we repurchased \$26.9 million and \$1.7 million principal amount of our outstanding 6 3/8% and 7 1/4% Convertible Subordinated Debentures, respectively, in exchange for 16.9 million shares of common stock and recorded a loss on exchange and early retirement of debt of approximately \$28.2 million. In addition, 0.6 million shares of common stock were issued as payment for \$0.9 million of interest expense as part of the transaction. In conjunction with the issuance of the 9% Convertible Senior Subordinated Notes, we also issued 0.6 million shares of common stock for partial payment of offering costs of \$1.0 million.

During the first half of 2002, we repurchased \$13.8 million, \$0.8 million and \$0.3 million principal amount of our outstanding 6%, 6 3/8% and 7 1/4% Convertible Subordinated Debentures, respectively, in exchange for 15.3 million shares of common stock and recorded a loss on retirement of debt of approximately \$2.9 million. In addition, holders of \$16.0 million of the 13 3/8% Convertible Senior Subordinated Notes voluntarily converted such notes, under the terms of the indenture, into approximately 12.8 million shares of common stock. We also issued 2.7 million shares of common stock as payment of \$4.2 million of accrued interest on the 13 3/8% Convertible Senior Subordinated Notes.

- (4) We have made corrections to amounts presented in prior year financial statements to present separately the portion of the amount attributable to ore on leach pads that represents a long-term asset and to correct the classification of restricted investments from current assets to long-term assets. The amount previously reported as current inventory has been reduced by \$19.9 million in 2000, \$12.4 million in 2001 and \$20.7 million for the six months ended June 30, 2002. In addition, the entire restricted investments balance of \$11.2 million in 2001 has been reclassified to long-term assets. The effect of these corrections reduced previously reported current assets by \$23.6 million from \$81.6 million to \$58.0 million and increased long-term assets by the same amount. All of these corrections have had no impact on our previously reported results of operations, earnings per share, total assets and liabilities, or shareholders' equity.

S-12

Table of Contents

Risk Factors

You should carefully consider the following factors and other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding to invest in the shares.

Risks Relating to our Business

We have incurred losses in the last five years due to several factors, including historically low gold and silver market prices, and may continue to incur losses in the future. Such losses would negatively affect the price of our common stock and affect our business as a whole.

We have incurred net losses in the last five years, and have had losses from continuing operations in each of those periods. Factors significantly contributing to our losses are:

historically low gold and silver market prices;

our deliberate pursuit of a growth policy calling for the acquisition of mining properties and companies and financing such growth principally by incurring convertible indebtedness, thereby increasing our interest expense;

write-offs for impaired assets and other holding costs in 1998 (\$223.6 million), 1999 (\$20.2 million), 2000 (\$21.2 million), 2001 (\$6.1 million) and 2002 (\$19.0 million); and

losses on the early retirement of debt of \$19.1 million in 2002, and \$28.2 million and \$2.9 million for the six months ended June 30, 2003 and 2002, respectively.

If silver and gold prices remain at current levels or decline and we are unable to reduce our production costs, our losses will continue or worsen. If lower silver and gold prices make mining at our properties uneconomical, we may be required to recognize additional impairment write-downs, which would increase our operating losses and negatively impact the price of our common stock.

We may be required to incur additional indebtedness to fund our working capital needs and capital expenditures. Additional indebtedness will restrict our operations, and may affect the price of our common stock and negatively impact our business.

We have financed our operations through the issuance of convertible debt in the recent past, and may be required to incur additional indebtedness in the future. In particular, we anticipate that the final feasibility study for the San Bartolomé mine will be completed in December, 2003. Based upon the results of that study, we could reach a final decision to develop that mine, which would require a capital investment of approximately \$70-90 million. If we are unable to generate enough cash to finance the San Bartolomé project through operating cash flow and the issuance of common stock, we may be required to issue additional indebtedness. Any additional indebtedness would increase our debt payment obligations, and negatively impact our business and the price of our common stock.

We have not had sufficient earnings to cover fixed charges in recent years and presently expect that situation to continue.

As a result of our net losses, our earnings have not been adequate to satisfy fixed charges (i.e., interest, preferred stock dividends and that portion of rent deemed representative of interest) in each of the last five years. The amounts by which earnings were inadequate to cover fixed charges were approximately \$227.0 million in 1998, \$29.3 million in 1999, \$47.5 million in 2000, \$3.1 million in 2001 and \$81.2 million in 2002.

After giving effect to the reduction of our outstanding debentures during 2003 and the September 5, 2003 completion of our redemption of our remaining 13 3/8% Convertible Senior Subordinated Notes due December 2003 in full, we will be required to make fixed payments on the following securities:

\$4.9 million principal amount of our 6 3/8% Convertible Subordinated Debentures due 2004, requiring annual interest payments of approximately \$0.3 million until their maturity on January 31, 2004;

\$9.6 million principal amount of our 7 1/4% Convertible Subordinated Debentures due 2005, requiring annual interest payments of approximately \$0.7 million until their maturity on October 31, 2005; and

Table of Contents

\$4.6 million of our 9% Senior Subordinated Notes due 2007, requiring annual interest payments (in cash or in common stock) of approximately \$0.4 million until their maturity on February 26, 2007.

We do not expect that a significant amount of our remaining 6 3/8% Convertible Subordinated Debentures due January 31, 2004 and our 7 1/4% Convertible Subordinated Debentures due October 31, 2005 will be converted into common stock in the foreseeable future because the contractual conversion price of each issue, as set forth in the applicable indenture, substantially exceeds the current market price of our common stock. The 9% Senior Subordinated Notes due 2007 are convertible into common stock at an initial price of \$1.60 per share, but the holders of such notes have agreed not to convert such notes into shares of common stock until the earlier of our next annual shareholder meeting or June 30, 2004.

We expect to satisfy our fixed charges and other expense obligations in the future from cash flow from operations and, if cash flow from operations is insufficient, from working capital, which amounted to approximately \$20.8 million at June 30, 2003. If these methods are not sufficient, it may be necessary for us to sell assets or equity or debt securities. We have recently been experiencing negative cash flow from operating activities. The amount of net cash used in, as opposed to provided by, our operating activities amounted to approximately \$4.3 million for the six months ended June 30, 2003, \$5.4 million for the six months ended June 30, 2002, \$8.5 million in 2002, \$29.9 million in 2001 and \$23.8 million in 2000. The availability of future cash flow from operations or working capital to fund the payment of interest on our outstanding debt and other fixed charges will be dependent upon numerous factors, including our results of operations, the market prices of silver and gold, levels and costs of production at our mining properties, the amount of our capital expenditures and expenditures for acquisitions, developmental and exploratory activities, and the extent to which we are able to reduce the amount of our indebtedness through additional exchanges or conversions.

The market prices of silver and gold are volatile and until recently have been near historically low levels. Low silver and gold prices may result in decreased revenues and increased losses, and may negatively affect our business.

Silver and gold are commodities. Their prices fluctuate, and are affected by many factors beyond our control, including interest rates, expectations regarding inflation, speculation, currency values, governmental decisions regarding the disposal of precious metals stockpiles, global and regional demand and production, political and economic conditions and other factors. Because we currently derive approximately 70% of our revenues from sales of silver, our earnings are directly related to the price of this metal.

The market price of silver (Handy & Harman) and gold (London Final) on September 3, 2003 was \$5.07 and \$370 per ounce, respectively. The price of silver and gold may decline in the future. Factors that are generally understood to contribute to a decline in the price of silver include sales by private and government holders, and a general global economic slowdown.

If the prices of silver and gold are depressed for a sustained period, our net losses will continue, we may be forced to suspend mining at one or more of our properties until the price increases, and record additional asset impairment write-downs pursuant to SFAS 144. Any lost revenues, continued or increased net losses or additional asset impairment write-downs would affect the price of our common stock and have a negative impact on our business.

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

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

Table of Contents

Prospectus Supplement Summary Summary Consolidated Financial Information.

While we do not believe that any of our other properties presently requires a write-down pursuant to SFAS 144, if silver or gold prices decline or we fail to control production costs or realize the mineable ore reserves at our mining properties, we may recognize further asset write-downs. We also may record other types of additional mining property write-downs in the future to the extent a property is sold by us for a price less than the carrying value of the property, or if liability reserves have to be created in connection with the closure and reclamation of a property. Additional write-downs of mining properties could negatively impact our results of operations and accordingly, the price of our common stock.

The estimation of ore reserves is imprecise and depends upon subjective factors. Estimated ore reserves may not be realized in actual production. Our operating results, and accordingly the price of our common stock and our business as a whole, may be negatively affected by inaccurate estimates.

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

We based our ore reserve determinations on a long-term silver price average of \$5.00 per ounce and a long-term gold price average of \$350 per ounce.

The estimation of the ultimate recovery of metals contained within the heap leach pad inventory is inherently inaccurate and subjective and requires the use of estimation techniques. Actual recoveries can be expected to vary from estimations, which may adversely effect our operating results, and consequently our business and the price of our common stock.

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

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

We use several integrated steps to scientifically measure the metal content of ore placed on the leach pads during the key stages. As the ore body is drilled in preparation for the blasting process, samples of the drill residue are assayed to determine estimated quantities of contained metal. We estimate the quantity of ore by utilizing global positioning satellite survey techniques. We then process the ore through a crushing facility where the output is again weighed and sampled for assaying. A metallurgical reconciliation with the data collected from the mining operation is completed with appropriate adjustments made to previous estimates. We then transport the crushed ore to the leach pad for application of the leaching

Table of Contents

solution. As the leach solution is collected from the leach pads, we continuously sample for assaying. We measure the quantity of leach solution with flow meters throughout the leaching and precipitation process. After precipitation, the product is converted to doré, which is the final product produced by the mine. We again weigh, sample and assay the doré. Finally, a third party smelter converts the doré into refined silver and gold bullion. At this point we are able to determine final ounces of silver and gold available for sale. We then review this end result and reconcile it to the estimates we developed and used throughout the production process. Based on this review, we adjust our estimation procedures when appropriate.

Our reported inventories include metals estimated to be contained in the ore on the leach pads of \$31.3 million as of June 30, 2003. Of this amount, \$14.1 million is reported as a current asset and \$17.2 million is reported as a noncurrent asset. The distinction between current and noncurrent is based upon the expected length of time necessary for the leaching process to remove the metals from the broken ore. The historical cost of the metal that is expected to be extracted within twelve months is classified as current and the historical cost of metals contained within the broken ore that will be extracted beyond twelve months is classified as noncurrent.

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

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

Table of Contents

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

| | Positive/Negative Change in Silver Recovery | | | Positive/Negative Change in Gold Recovery | | |
|--|--|-------------|-------------|--|---------|---------|
| | 1% | 2% | 3% | 1% | 2% | 3% |
| Quantity of recoverable ounces | 1.3 million | 2.6 million | 5.2 million | 8,700 | 17,400 | 34,800 |
| Positive impact on future cost of production per equivalent silver ounce for increases in recovery rates | \$ 0.23 | \$ 0.41 | \$ 0.57 | \$ 0.11 | \$ 0.21 | \$ 0.30 |
| Negative impact on future cost of production per equivalent silver ounce for decreases in recovery rates | \$ 0.28 | \$ 0.64 | \$ 1.13 | \$ 0.12 | \$ 0.26 | \$ 0.41 |

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

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

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

Significant investment risks and operational costs are associated with our exploration, development and mining activities. These risks and costs may result in lower economic returns and may adversely affect our business and our common stock.

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

Table of Contents

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

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

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

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

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

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

Our mining activities are subject to extensive federal, state, local and foreign laws and regulations governing environmental protection, natural resources, prospecting, development, production, post-closure reclamation, taxes, labor standards and occupational health and safety laws and regulations including mine safety, toxic substances and other matters related to our business. Although these laws and regulations have never required us to close any mine, the costs associated with compliance with such laws and regulations are substantial. Possible future laws and regulations, or more restrictive interpretations of current laws and regulations by governmental authorities could cause additional expense, capital expenditures, restrictions on or suspensions of our operations and delays in the development of our properties. Moreover, governmental authorities and private parties may bring lawsuits based upon damage to property and injury to persons resulting from the environmental, health and safety impacts of our past and current operations, which could lead to the imposition of substantial fines, penalties and other civil and criminal sanctions. Substantial costs and liabilities, including for restoring the environment after the closure of mines, are inherent in our operations. Although

Table of Contents

we believe we are in substantial compliance with applicable laws and regulations, we cannot assure you that any such law, regulation, enforcement or private claim will not have a negative effect on our business, financial condition, results of operations, or our common stock.

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

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

We are required to obtain government permits to expand operations or begin new operations. The costs and delays associated with such approvals could affect our operations, reduce our revenues, and negatively affect our common stock and our business as a whole.

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

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

Chile, Argentina and Bolivia are the most significant foreign countries in which we directly or indirectly own or operate mining properties or developmental projects. We also conduct exploratory projects in these countries. Argentina, while currently economically and politically stable, has experienced political instability, currency value fluctuations and changes in banking regulations in recent years. Although the governments and economies of Chile and Bolivia have been relatively stable in recent years, property ownership in a foreign country is generally subject to the risk of expropriation or nationalization with inadequate compensation. Any foreign operations or investment may also be adversely affected by exchange controls, currency fluctuations, taxation and laws or policies of particular countries as well as laws and policies of the United States affecting foreign trade investment and taxation. We may enter into agreements which require us to purchase currencies of foreign countries in which we do business in order to ensure fixed exchange rates. In the event that actual exchange rates vary from those set forth in the hedge contracts, we will experience U.S. dollar-denominated currency gains or

Table of Contents

losses. Future economic or political instabilities or changes in the laws of foreign countries in which we have significant operations or interests and unfavorable fluctuations in foreign currency exchange rates could negatively impact our foreign operations and our business as whole. The price of our common stock could be affected as a result.

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

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

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

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

Third parties may dispute our unpatented mining claims, which could result in losses affecting our business and the market price of our common stock.

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

We are unable to obtain required consents from Arthur Andersen, our prior independent public accountants. As a result, you may be unable to recover damages from Arthur Anderson for any Securities Act or other claims.

On July 24, 2002, we changed our independent auditors from Arthur Andersen LLP to KPMG LLP. We are generally required to obtain a written consent from our prior independent public accountants in order to include their audit report covering the audited financial statements for our 2001 and 2000 fiscal years incorporated by reference in the accompanying prospectus.

The SEC has provided relief for companies that are unable to obtain consents from Arthur Andersen due to their ceasing operations. We have filed the registration statement of which the accompanying prospectus forms a part in reliance on the relief provided by the SEC. However, because Arthur Andersen has not provided consent in connection with such registration statement, you may not be able to recover against Arthur Andersen under Section 11 of the Securities Act.

It is unlikely you would be able to recover damages from Andersen for a claim under Section 11 of the Securities Act or any other claim.

Table of Contents

Risks Relating to Our Common Stock

We may issue shares in exchange for our outstanding convertible debt. The market price of our common stock could decrease as a result of the impact of an increase in the number of our outstanding shares that may result from such issuances.

We may, from time to time, enter into exchange transactions with holders of our outstanding convertible debt involving the issuance of additional shares of common stock. The impact of the issuance of a significant amount of common stock may place downward pressure on the market price of our common stock.

The market price of our common stock has been volatile and may decline.

The market price of our common stock has been volatile and may decline in the future. The high and low closing sale prices of our common stock were \$4.125 and \$0.8125 per share in 2000, \$1.95 and \$0.65 in 2001, \$2.36 and \$0.79 in 2002 and \$2.16 and \$1.10 in the first 6 months of 2003. The closing sale price at September 11, 2003 was \$3.47 per share.

The market price of our common stock historically has fluctuated widely and been affected by many factors beyond our control. These factors include:

the market prices of silver and gold;

general stock market conditions;

interest rates;

expectations regarding inflation;

currency values; and

global and regional political and economic conditions and other factors.

We do not anticipate paying dividends on our common stock, which limits the way in which you may realize any returns on your investment.

We do not anticipate paying any cash dividends on our common stock at this time. Therefore, holders of our common stock will likely not receive a dividend return on their investment and there is a significant likelihood that holders of our common stock will not realize any value through the receipt of cash dividends.

Our future operating performance may not generate cash flows sufficient to meet our debt payment obligations, and our indebtedness could negatively impact holders of our common stock.

After giving pro forma effect, as of August 31, 2003, to the full redemption of our remaining 13 3/8% Convertible Senior Subordinated Notes due December 2003, which occurred on September 5, 2003, we would have had a total of approximately \$19.1 million outstanding indebtedness. This indebtedness consists of approximately \$4.9 million principal amount of 6 3/8% Convertible Subordinated Debentures due January 31, 2004, approximately \$9.6 million principal amount of 7 1/4% Convertible Subordinated Debentures due October 31, 2005 and approximately \$4.6 million principal amount of 9% Senior Subordinated Notes due 2007.

Our ability to make scheduled debt payments on our outstanding indebtedness will depend on our future operating performance and cash flow. Our operating performance and cash flow, in part, are subject to economic factors beyond our control, including the market prices of silver and gold. We may not be able to generate enough cash flow to meet our obligations and commitments. If we cannot generate sufficient cash flow from operations to service our debt, we may need to further refinance our debt, dispose of assets, or issue equity to obtain the necessary funds. We cannot predict whether we will be able to refinance our debt, issue equity, or dispose of assets to raise funds on a timely basis or on satisfactory terms.

We incurred net losses of \$81.2 million in fiscal 2002, \$3.1 million in fiscal 2001 and \$47.8 million in fiscal 2000. These losses could continue.

Edgar Filing: COEUR D ALENE MINES CORP - Form 424B5

Our indebtedness could negatively impact holders of our common stock in many ways, including:

reducing funds available to support our business operations and for other corporate purposes because portions of our cash flow from operations must be dedicated to the payment of principal and interest on our debt;

impairing our ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes; and

S-21

Table of Contents

making us more vulnerable to a downturn in general economic conditions or in our business.

We are subject to anti-takeover provisions in our charter and in our contracts that could delay or prevent an acquisition of Coeur even if such an acquisition would be beneficial to our stockholders.

The provisions of our articles of incorporation and our contracts could delay or prevent a third party from acquiring us, even if doing so might be beneficial to our stockholders. Some of these provisions:

authorize the issuance of preferred stock which can be created and issued by the board of directors without prior stockholder approval, commonly referred to as blank check preferred stock, with rights senior to those of common stock; and

require that a fair price be paid in some business transactions.

We have also implemented a shareholder rights plan which could delay or prevent a third party from acquiring us.

S-22

Table of Contents**Use of Proceeds**

We estimate that the proceeds of this offering after payment of fees and expenses and assuming that the underwriters' overallotment option is not exercised, will be approximately \$66 million. We expect to use the net proceeds for additional exploration and development activities at the Cerro Bayo and Martha mines, and possible development of the San Bartolomé mine, upon which a construction decision is expected in the first quarter of 2004. Any remaining amount will be used for general corporate purposes, including the pursuit of our business strategy, and potentially to repay our outstanding indebtedness, which may consist of our 6 3/8% Convertible Subordinated Debentures due January 2004, our 7 1/4% Convertible Subordinated Debentures due October 2005 or our 9% Senior Subordinated Notes due February 2007.

Dividend Policy

We have not recently paid dividends on our common stock and presently have no plan to do so. Future distributions or dividends on our common stock, if any, will be determined by our board of directors and will depend upon our results of operations, financial condition, capital requirements and other factors.

Common Stock Market Data

Our common stock is listed on the New York Stock Exchange under the symbol CDE. The following table sets forth, for the periods indicated, the high and low sales prices of our common stock as reported on the New York Stock Exchange.

| | <u>High</u> | <u>Low</u> |
|----------------|-------------|------------|
| 2001 | | |
| First Quarter | \$ 1.600 | \$ 0.875 |
| Second Quarter | 1.950 | 1.000 |
| Third Quarter | 1.280 | 0.730 |
| Fourth Quarter | 0.940 | 0.650 |
| 2002 | | |
| First Quarter | \$ 1.460 | \$ 0.790 |
| Second Quarter | 2.090 | 0.980 |
| Third Quarter | 2.360 | 1.310 |
| Fourth Quarter | 1.920 | |