

COEUR D ALENE MINES CORP

Form 424B5

September 05, 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

Subject to Completion Dated September 4, 2003

The information in this preliminary prospectus supplement and accompanying prospectus is not complete and may be changed. A registration statement relating to these securities has been filed with and has been declared effective by the Securities and Exchange Commission. This prospectus supplement is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Prospectus Supplement to Prospectus Dated May 2, 2003

20,635,000 Shares

Coeur d Alene Mines Corporation

Common Stock

\$ 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 3, 2003, the last reported sale price of our common stock on the New York Stock Exchange was \$3.27 per share.

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

	<u>Per Share</u>	<u>Total</u>
Price to the Public	\$	\$
Underwriting discount		
Proceeds to us		

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 , 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, scheduled for completion 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
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 August 31, 2003, holders of an aggregate principal amount of \$7.8 million of our 13 3/8% Convertible Senior Subordinated Notes due December 2003 converted such notes into 5.8 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 expect to complete our previously announced redemption of the remaining \$2.1 million aggregate principal amount of such 13 3/8% Notes (assuming no additional conversions prior to September 5, 2003) for \$2.2 million 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, scheduled for completion 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 \$ 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) Based on 185,641,173 shares outstanding, net of 1,059,211 shares held as treasury stock, as of August 31, 2003 and assuming that the underwriters' overallotment option is not exercised.

S-9

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: