Coeur Mining, Inc.
Form 10-Q
October 31, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

þ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2018
OR
¨ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from to
Commission file number 001-08641

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

Delaware	82-0109423
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
104 S. Michigan Ave., Suite 900 Chicago, Illinois	60603
(Address of principal executive offices)	(Zip Code)

(312) 489-5800
(Registrant’s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files.) Yes þ No ¨

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

Large accelerated filer	þ	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	¨
		Emerging growth company	¨

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

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

The Company has 300,000,000 shares of common stock, par value of $0.01, authorized of which 199,125,817 shares were issued and outstanding as of October 29, 2018.

COEUR MINING, INC.
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PART I

Item 1. Financial Statements

COEUR MINING, INC. AND SUBSIDIARIES

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

		Three months ended September 30,		Nine months ended September 30,	
		2018	2017	2018	2017
	Notes	In thousands, except share data			
Revenue	3	$148,795	$159,920	$482,049	$495,014
COSTS AND EXPENSES					
Costs applicable to sales(1)	3	116,857	101,559	324,443	318,278
Amortization		31,184	32,400	91,420	101,827
General and administrative		7,729	7,345	24,183	24,495
Exploration		8,157	9,791	21,269	22,856
Pre-development, reclamation, and other		8,121	5,030	15,966	12,952
Total costs and expenses		172,048	156,125	477,281	480,408
OTHER INCOME (EXPENSE), NET					
Loss on debt extinguishment		—	—	—	(9,342)
Fair value adjustments, net	10	715	—	2,907	(864)
Interest expense, net of capitalized interest	18	(5,818)	(3,595)	(17,801)	(10,918)
Other, net	7	(20,903)	2,361	(19,846)	27,134
Total other income (expense), net		(26,006)	(1,234)	(34,740)	6,010
Income (loss) before income and mining taxes		(49,259)	2,561	(29,972)	20,616
Income and mining tax (expense) benefit	8	(3,785)	(14,289)	(19,451)	(24,040)
Income (loss) from continuing operations		$(53,044)	$(11,728)	$(49,423)	$(3,424)
Income (loss) from discontinued operations	21	—	(4,924)	550	(5,520)
NET INCOME (LOSS)		$(53,044)	$(16,652)	$(48,873)	$(8,944)
OTHER COMPREHENSIVE INCOME (LOSS), net of tax:					
Unrealized gain (loss) on debt and equity securities		192	1,066	(173)	(1,134)
Reclassification adjustments for impairment of equity securities		—	—	—	426
Reclassification adjustments for realized (gain) loss on sale of equity securities		—	32	—	1,300
Other comprehensive income (loss)		192	1,098	(173)	592
COMPREHENSIVE INCOME (LOSS)		$(52,852)	$(15,554)	$(49,046)	$(8,352)
NET INCOME (LOSS) PER SHARE	9				
Basic income (loss) per share:					
Net income (loss) from continuing operations		$(0.29)	$(0.07)	$(0.27)	$(0.02)
Net income (loss) from discontinued operations		0.00	(0.03)	0.00	(0.03)
Basic(2)		$(0.29)	$(0.09)	$(0.26)	$(0.05)
Diluted income (loss) per share:					
Net income (loss) from continuing operations		$(0.29)	$(0.07)	$(0.27)	$(0.02)
Net income (loss) from discontinued operations		0.00	(0.03)	0.00	(0.03)
Diluted(2)		$(0.29)	$(0.09)	$(0.26)	$(0.05)

(1) Excludes amortization.

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

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

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

		Three months ended September 30,		Nine months ended September 30,	
		2018	2017	2018	2017
	Notes	In thousands			
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income (loss)		$(53,044)	$(16,652)	$(48,873)	$(8,944)
(Income) loss from discontinued operations		—	4,924	(550)	5,520
Adjustments:					
Amortization		31,184	32,400	91,420	101,827
Accretion		3,117	2,402	10,321	6,954
Deferred taxes		(3,276)	2,504	(4,087)	1,452
Loss on debt extinguishment		—	—	—	9,342
Fair value adjustments, net	10	(715)	—	(2,907)	864
Stock-based compensation	5	1,942	2,585	6,578	8,127
Gain on sale of the Joaquin project		—	—	—	(21,138)
Write-downs		30,787	—	30,787	—
Other		2,938	(3,013)	5,180	(8,330)
Changes in operating assets and liabilities:					
Receivables		(5,930)	6,289	(16,509)	9,754
Prepaid expenses and other current assets		1,377	(1,332)	3,868	(2,177)
Inventory and ore on leach pads		(8,156)	(2,282)	(19,630)	8,080
Accounts payable and accrued liabilities		5,565	9,484	(35,562)	(5,982)
CASH PROVIDED BY OPERATING ACTIVITIES OF CONTINUING OPERATIONS		5,789	37,309	20,036	105,349
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES OF DISCONTINUED OPERATIONS		—	(7,877)	(2,690)	8,633
CASH PROVIDED BY OPERATING ACTIVITIES		5,789	29,432	17,346	113,982
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures		(39,472)	(28,982)	(122,982)	(89,680)
Proceeds from the sale of assets		393	1,016	549	16,471
Purchase of investments		(15)	(3,595)	(415)	(13,559)
Sale of investments		(78)	403	12,682	11,321
Proceeds from notes receivable		15,000	—	15,000	—
Other		64	(4,319)	(34)	(4,385)
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES OF CONTINUING OPERATIONS		(24,108)	(35,477)	(95,200)	(79,832)
CASH USED IN INVESTING ACTIVITIES OF DISCONTINUED OPERATIONS		—	(412)	(28,470)	(1,175)
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(24,108)	(35,889)	(123,670)	(81,007)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Issuance of notes and bank borrowings, net of issuance costs	18	25,000	(2,257)	40,000	242,701
Payments on debt, capital leases, and associated costs	18	(25,533)	(3,323)	(48,355)	(195,439)
Other		(77)	(6)	(4,916)	(3,726)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES OF CONTINUING OPERATIONS		(610)	(5,586)	(13,271)	43,536
CASH USED IN FINANCING ACTIVITIES OF DISCONTINUED OPERATIONS		—	(21)	(22)	(62)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		(610)	(5,607)	(13,293)	43,474

Effect of exchange rate changes on cash and cash equivalents	183	(222)	565	662
INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(18,746)	(12,286)	(119,052)	77,111
Less net cash provided by (used in) discontinued operations[1]	—	(8,491)	(32,930)	(3,302)
	(18,746)	(3,795)	(86,122)	80,413
Cash, cash equivalents and restricted cash at beginning of period	136,026	210,809	203,402	126,601
Cash, cash equivalents and restricted cash at end of period	$117,280	$207,014	$117,280	$207,014

[1] Less net cash provided by (used in) discontinued operations includes the following cash transactions: net subsidiary payments to parent company of $181 for the three months ended September 30, 2017 and $1,748 and $10,698 during the nine months ended September 30, 2018 and 2017, respectively.

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

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COEUR MINING, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	Notes	September 30, 2018 (unaudited)	December 31, 2017
ASSETS		In thousands, except share data	
CURRENT ASSETS			
Cash and cash equivalents		$ 104,746	$ 192,032
Receivables	14	30,480	19,069
Inventory	15	62,569	58,230
Ore on leach pads	15	77,515	73,752
Prepaid expenses and other		12,167	15,053
Assets held for sale	21	—	91,421
		287,477	449,557
NON-CURRENT ASSETS			
Property, plant and equipment, net	16	285,871	254,737
Mining properties, net	17	865,043	829,569
Ore on leach pads	15	67,420	65,393
Restricted assets	13	21,361	20,847
Equity and debt securities	13	24,232	34,837
Receivables	14	28,035	28,750
Other		18,938	17,485
TOTAL ASSETS		$ 1,598,377	$ 1,701,175
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable		$ 55,132	$ 48,592
Accrued liabilities and other	22	65,400	94,930
Debt	18	22,696	30,753
Reclamation	4	3,777	3,777
Liabilities held for sale	21	—	50,677
		147,005	228,729
NON-CURRENT LIABILITIES			
Debt	18	406,494	380,569
Reclamation	4	122,977	117,055
Deferred tax liabilities		98,891	105,148
Other long-term liabilities		55,227	54,697
		683,589	657,469
STOCKHOLDERS' EQUITY			
Common stock, par value $0.01 per share; authorized 300,000,000 shares, 187,026,334 issued and outstanding at September 30, 2018 and 185,637,724 at December 31, 2017		1,870	1,856
Additional paid-in capital		3,359,183	3,357,345
Accumulated other comprehensive income (loss)		(258)	2,519
Accumulated deficit		(2,593,012)	(2,546,743)
		767,783	814,977
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		$ 1,598,377	$ 1,701,175

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

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

In thousands	Common Stock Shares	Common Stock Par Value	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balances at December 31, 2017	185,638	$ 1,856	$3,357,345	$(2,546,743)	$ 2,519	$814,977
Net income (loss)	—	—	—	(48,873)	—	(48,873)
Reclassification of unrealized gain (loss) on equity securities for ASU 2016-01	—	—	—	2,604	(2,604)	—
Other comprehensive income (loss)	—	—	—	—	(173)	(173)
Common stock issued under stock-based compensation plans, net	1,389	14	1,838	—	—	1,852
Balances at September 30, 2018 (Unaudited)	187,027	$ 1,870	$3,359,183	$(2,593,012)	$ (258)	$767,783

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

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

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

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

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

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

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

Under the Company’s concentrate sales contracts with third-party smelters, metal prices are set on a specified future quotational period, typically one to three months, after the shipment date based on market prices. When the Company sells gold concentrate to the third-party smelters, the performance obligation is satisfied when the concentrate is loaded onto the third-party shipping vessel. The contracts, in general, provide for provisional payment based upon provisional assays and historical metal prices. Final settlement is based on the applicable price for the specified future quotational period and generally occurs three to six months after shipment. The Company’s provisionally priced sales contain an embedded derivative that is required to be separated from the host contract for accounting purposes. The host contract is the receivable from the sale of concentrates measured at the forward price at the time of sale. The embedded derivative does not qualify for hedge accounting and is adjusted to fair value through revenue each period until the date of final metal settlement.

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

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

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

The Company’s gold stream agreement with a subsidiary of Franco-Nevada Corporation (“Franco-Nevada”) provided for a $20.0 million deposit paid by Franco-Nevada in exchange for the right and obligation, commencing in 2016, to purchase

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

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

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

	Three months ended September 30,		Nine months ended September 30,	
In thousands	2018	2017	2018	2017
Opening Balance	$13,799	$16,835	$14,883	$19,281
Revenue Recognized	(582)	$(793)	$(1,666)	$(3,239)
Closing Balance	$13,217	$16,042	$13,217	$16,042

Recent Accounting Standards

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

In November 2016, the FASB issued ASU 2016-18, "Statement of Cash Flows (Topic 230) - Restricted Cash," which will require entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. These changes became effective for the Company's fiscal year beginning January 1, 2018 and resulted in the inclusion of restricted cash equivalents on the Consolidated Statements of Cash Flows of $12.5 million and $11.4 million at September 30, 2018 and 2017, respectively.

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

In February 2016, the FASB issued ASU 2016-02, "Leases," which will require lessees to recognize assets and liabilities for the rights and obligations created by most leases on the balance sheet. These changes become effective for the Company's fiscal year beginning January 1, 2019 and the Company plans to adopt it using the cumulative-effect adjustment transition method approved by the FASB in July 2018. The Company is currently evaluating the potential impact of implementing these changes on the Company's consolidated financial position, results of operations, and cash flows.

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

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

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

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

NOTE 3 – SEGMENT REPORTING

The Company's operating segments include the Palmarejo complex, and the Rochester, Kensington, Wharf and Silvertip mines. Except for the Silvertip mine, which was acquired in the fourth quarter of 2017, all operating segments are engaged in the discovery, mining, and production of gold and/or silver. Silvertip is engaged in the discovery, mining, and production of silver, zinc and lead. Silvertip commenced commercial production on September 1, 2018. Other includes the La Preciosa project, other mineral interests, strategic equity investments, corporate office, elimination of intersegment transactions, and other items necessary to reconcile to consolidated amounts.

The Company determined that the disposition in the first quarter of 2018 of Empresa Minera Manquiri S.A., a Bolivian Sociedad anonima ("Manquiri"), which operates the San Bartolomé mine, represented a strategic shift to a North America-focused mining portfolio and had significant effect on the entity's results and operations; therefore, the results of operations are presented as discontinued operations in Other for all periods presented.

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

Three months ended September 30, 2018	Palmarejo	Rochester	Silvertip	Kensington	Wharf	Other	Total
Revenue							
Metal sales	$55,456	$35,524	$4,051	$29,771	$23,993	$—	$148,795
Costs and Expenses							
Costs applicable to sales(1)	31,554	27,548	11,535	28,241	17,979	—	116,857
Amortization	14,794	5,294	1,073	6,912	2,878	233	31,184
Exploration	3,195	51	2,333	1,640	63	875	8,157
Other operating expenses	771	4,362	148	333	699	9,537	15,850
Other income (expense)							
Fair value adjustments, net	—	—	—	—	—	715	715
Interest expense, net	(842)	(115)	166	(248)	(9)	(4,770)	(5,818)
Other, net	(1,010)	278	(447)	(34)	(422)	(19,268)	(20,903)
Income and mining tax (expense) benefit	(6,461)	(83)	4,320	—	(334)	(1,227)	(3,785)
Income (loss) from continuing operations	$(3,171)	$(1,651)	$(6,999)	$(7,637)	$1,609	$(35,195)	$(53,044)
Income (loss) from discontinued operations	$—	$—	$—	$—	$—	$—	$—
Segment assets(2)	$368,257	$252,291	$405,334	$225,161	$98,978	$79,079	$1,429,100
Capital expenditures	$4,686	$3,582	$17,949	$11,960	$1,176	$119	$39,472

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

Three months ended September 30, 2017	Palmarejo	Rochester	Kensington	Wharf	Other	Total
Revenue						
Metal sales	$60,677	$31,156	$36,603	$31,334	$150	$159,920
Costs and Expenses						
Costs applicable to sales(1)	33,255	23,275	27,658	17,330	41	101,559
Amortization	16,414	4,591	7,864	3,223	308	32,400
Exploration	4,517	531	2,966	207	1,570	9,791
Other operating expenses	319	846	356	648	10,206	12,375
Other income (expense)						
Interest expense, net	(112)	(136)	(113)	(16)	(3,218)	(3,595)
Other, net	(218)	(73)	(28)	4	2,676	2,361
Income and mining tax (expense) benefit	(7,898)	41	—	(963)	(5,469)	(14,289)
Income (loss) from continuing operations	$(2,056)	$1,745	$(2,382)	$8,951	$(17,986)	$(11,728)

Income (loss) from discontinued operations	$—	$—	$—	$—	$(4,924)	$(4,924)
Segment assets(2)	$388,044	$253,477	$211,052	$103,843	$71,551	$1,027,967
Capital expenditures	$5,540	$9,737	$10,144	$3,135	$426	$28,982

(1) Excludes amortization

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

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

Nine months ended September 30, 2018	Palmarejo	Rochester	Silvertip	Kensington	Wharf	Other	Total
Revenue							
Metal sales	$196,237	$102,689	$4,051	$101,806	$77,266	$—	$482,049
Costs and Expenses							
Costs applicable to sales[1]	92,960	76,304	11,535	91,098	52,546	—	324,443
Amortization	45,752	14,918	1,073	20,070	8,888	719	91,420
Exploration	10,363	296	2,439	4,625	73	3,473	21,269
Other operating expenses	2,252	6,149	173	981	2,052	28,542	40,149
Other income (expense)							
Fair value adjustments, net	—	—	—	—	—	2,907	2,907
Interest expense, net	(1,108)	(338)	(490)	(722)	(32)	(15,111)	(17,801)
Other, net	(2,399)	704	(25)	(104)	(379)	(17,643)	(19,846)
Income and mining tax (expense) benefit	(22,550)	(917)	6,098	—	(2,009)	(73)	(19,451)
Income (loss) from continuing operations	$18,853	$4,471	$(5,586)	$(15,794)	$11,287	$(62,654)	$(49,423)
Income (loss) from discontinued operations	$—	$—	$—	$—	$—	$550	$550
Segment assets[2]	$368,257	$252,291	$405,334	$225,161	$98,978	$79,079	$1,429,100
Capital expenditures	$23,458	$6,884	$55,623	$34,032	$2,682	$303	$122,982

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

Nine months ended September 30, 2017	Palmarejo	Rochester	Kensington	Wharf	Other	Total
Revenue						
Metal sales	$191,616	$102,926	$110,134	$88,598	$1,740	$495,014
Costs and Expenses					—	
Costs applicable to sales[1]	110,150	73,875	84,089	49,418	746	318,278
Amortization	50,995	15,345	25,389	8,883	1,215	101,827
Exploration	9,272	990	5,785	210	6,599	22,856
Other operating expenses	930	2,487	1,051	1,899	31,080	37,447
Other income (expense)						
Loss on debt extinguishment	—	—	—	—	(9,342)	(9,342)
Fair value adjustments, net	—	(864)	—	—	—	(864)
Interest expense, net	(339)	(386)	(266)	(52)	(9,875)	(10,918)
Other, net	(345)	2,239	(893)	429	25,704	27,134
Income and mining tax (expense) benefit	(22,313)	(413)	—	(2,980)	1,666	(24,040)
Income (loss) from continuing operations	$(2,728)	$10,805	$(7,339)	$25,585	$(29,747)	$(3,424)
Income (loss) from discontinued operations	$—	$—	$—	$—	$(5,520)	$(5,520)
Segment assets[2]	$388,044	$253,477	$211,052	$103,843	$71,551	$1,027,967
Capital expenditures	$22,972	$34,121	$24,314	$5,493	$2,780	$89,680

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

Assets	September 30, 2018	December 31, 2017

Total assets for reportable segments	$ 1,429,100	$ 1,344,553
Cash and cash equivalents	104,746	192,032
Other assets	64,531	164,590
Total consolidated assets	$ 1,598,377	$ 1,701,175

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Geographic Information

Long-Lived Assets	September 30, 2018	December 31, 2017
Mexico	$ 351,509	$ 370,188
United States	398,614	377,768
Canada	392,470	331,440
Other	8,321	4,910
Total	$ 1,150,914	$ 1,084,306

Revenue	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
United States	$89,289	$99,093	$281,762	$301,658
Mexico	55,455	60,677	196,236	191,616
Canada	4,051	—	4,051	—
Australia	—	150	—	1,740
Total	$148,795	$159,920	$482,049	$495,014

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NOTE 4 – RECLAMATION

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

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

	Three months ended September 30,		Nine months ended September 30,	
In thousands	2018	2017	2018	2017
Asset retirement obligation - Beginning	$122,907	$90,002	$118,799	$86,754
Accretion	2,830	2,167	8,141	6,347
Additions and changes in estimates	—	3,116	—	3,116
Settlements	(1,171)	(656)	(2,374)	(1,588)
Asset retirement obligation - Ending	$124,566	$94,629	$124,566	$94,629

The Company accrued $2.2 million and $2.0 million at September 30, 2018 and December 31, 2017, respectively, for reclamation liabilities related to former mining activities, which are included in Reclamation.

NOTE 5 – STOCK-BASED COMPENSATION

The Company has stock incentive plans for executives and eligible employees. Stock awards include performance shares, restricted stock and stock options. Stock-based compensation expense for the three and nine months ended September 30, 2018 was $2.0 million and $6.6 million, respectively, compared to $2.6 million and $8.1 million for the three and nine months ended September 30, 2017, respectively. At September 30, 2018, there was $8.6 million of unrecognized stock-based compensation cost which is expected to be recognized over a weighted-average remaining vesting period of 1.5 years.

The performance shares issued in 2018 vest at the end of a three-year service period if internal performance metrics are met. The number of shares that vest is also impacted by the inclusion of a modifier that is based upon a relative stockholder return metric. The relative stockholder return metric is included in the determination of the grant date fair value of the performance shares however the recognition of compensation cost for performance share awards is based on the results of the internal performance metrics. The performance shares issued prior to 2018 vest at the end of a three-year service period if relative stockholder return and internal performance metrics are met and the existence of a market condition requires recognition of compensation cost for the relative stockholder return portion of the performance share awards over the requisite period regardless of whether the relative stockholder return metric is met. All other stock-based compensation awards are consistent with prior years.

The following table summarizes the grants awarded during the nine months ended September 30, 2018:

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

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

Award Type	Number of Exercised Units	Weighted Average Exercised Price	Number of Exercisable Units	Weighted Average Exercisable Price
Stock options	159,069	$ 3.35	315,032	$ 15.06
Stock appreciation rights	—	$ —	42,152	$ 14.14

NOTE 6 – RETIREMENT SAVINGS PLAN

The Company has a 401(k) retirement savings plan that covers all eligible U.S. employees. Eligible employees may elect to contribute up to 75% of base salary, subject to ERISA limitations. The Company generally makes matching contributions equal to the employee’s contribution up to 4% of the employee’s salary. The Company may also provide an additional contribution based on an eligible employee’s salary. Total plan expenses recognized for the three and nine months ended September 30, 2018 were $0.8 million and $2.5 million, respectively, compared to $1.8 million and $5.7 million for the three and nine months ended September 30, 2017, respectively. In addition, the Company has a deferred compensation plan for employees whose benefits under the 401(k) plan are limited by federal regulations.

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NOTE 7 - OTHER, NET

Other, net consists of the following:

	Three months ended September 30,		Nine months ended September 30,	
In thousands	2018	2017	2018	2017
Foreign exchange gain (loss)	$(3,104)	$(39)	$(7,083)	$1,953
Gain (loss) on sale of assets and investments	(28)	878	316	(674)
Write-down of Manquiri consideration	(18,599)	—	(18,599)	—
Gain on sale of the Joaquin project	—	—	—	21,138
Gain on repurchase of the Rochester royalty obligation	—	—	—	2,332
Gain on sale of Endeavor stream and other royalties	—	1,172	—	1,172
Mexico inflation adjustment	—	—	1,939	—
Other	828	350	3,581	1,213
Other, net	$(20,903)	$2,361	$(19,846)	$27,134

In September 2018, the Company entered into a Letter Agreement with Ag-Mining Investments, AB, a privately-held Swedish company, the purchaser of Manquiri (the "Buyer"), pursuant to which the total aggregate principal amount of the Manquiri Notes Receivable received as partial consideration in the Manquiri Divestiture (as defined below) was reduced from $28.5 million to $25.0 million (as defined below) and the Buyer made a concurrent cash payment of $15.0 million to the Company in respect of the Manquiri Notes Receivable (as defined below). In addition, the Company also agreed to suspend the quarterly payments in respect of the 2.0% net smelter returns royalty on all metals processed through the San Bartolomé mine's processing facility (the "NSR") received as partial consideration in the Manquiri Divestiture until October 15, 2019 and to forgo any rights the Company retained in the transaction to any value added tax ("VAT") refunds collected or received by Manquiri. Based on the Company's evaluation of the terms of the Letter Agreement, the Company recorded an $18.6 million write-down that is made up of $13.1 million on the VAT refunds, $3.6 million on the Manquiri Notes Receivable and $1.9 million on the NSR, See Note 10 -- Fair Value Measurements and 21 -- Discontinued Operations for additional detail.

NOTE 8 - INCOME AND MINING TAXES

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

	Three months ended September 30,				Nine months ended September 30,			
	2018		2017		2018		2017	
In thousands	Income (loss) before tax	Tax (expense) benefit	Income (loss) before tax	Tax (expense) benefit	Income (loss) before tax	Tax (expense) benefit	Income (loss) before tax	Tax (expense) benefit
United States	$(35,250)	$(908)	$(6,055)	$(2,892)	$(45,397)	$(2,700)	$8,036	$(4,072)
Argentina	(2,058)	(75)	738	(366)	(1,985)	(172)	281	1,704
Canada	(13,194)	4,432	—	—	(17,103)	6,476	—	—
Mexico	1,419	(7,234)	3,210	(9,057)	35,088	(23,055)	9,665	(23,745)
Other jurisdictions	(176)	—	4,668	(1,974)	(575)	—	2,634	2,073
	$(49,259)	$(3,785)	$2,561	$(14,289)	$(29,972)	$(19,451)	$20,616	$(24,040)

The Company's effective income and mining tax rate is a function of the combined effective tax rates and foreign exchange rates in the jurisdictions in which it operates. Variations in the jurisdictional mix of income and loss and foreign exchange rates result in significant fluctuations in the consolidated effective tax rate, along with mining taxes, uncertain tax positions, and a full valuation allowance on deferred tax assets related to losses in the United States and certain foreign jurisdictions. Fluctuations in foreign exchange rates on deferred tax balances increased income and mining tax expense by $3.0 million and decreased income and mining tax expense by $1.4 million for the three months ended September 30, 2018 and 2017, respectively. Fluctuations in foreign exchange rates on deferred tax balances increased income and mining tax expense by $2.1 million and $7.2 million for the nine months ended September 30, 2018 and 2017, respectively. The impact of foreign exchange rates on deferred tax balances is predominately due to the Mexican Peso and Canadian Dollar.

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

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. The statute of limitations remains open from 2015 forward for the U.S. federal jurisdiction and from 2011 forward for certain other foreign jurisdictions. As a result of statutes of limitation that will begin to expire within the next twelve months in various jurisdictions and possible settlements of audit-related issues with taxing authorities in various jurisdictions with respect to which none of the issues are individually significant, the Company believes that it is reasonably possible that the total amount of its net unrecognized income tax benefits will decrease between $1.5 million and $2.5 million in the next twelve months.

At September 30, 2018 and December 31, 2017, the Company had $3.7 million and $4.3 million of total gross unrecognized tax benefits, respectively that, if recognized, would positively impact the Company's effective income tax rate. The Company's continuing practice is to recognize potential interest and/or penalties related to unrecognized tax benefits as part of its income tax expense. At September 30, 2018 and December 31, 2017, the amount of accrued income-tax-related interest and penalties was $3.5 million and $4.8 million, respectively.

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NOTE 9 – NET INCOME (LOSS) PER SHARE

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

For the three and nine months ended September 30, 2018, 672,399 and 1,526,109 common stock equivalents, respectively, related to equity-based awards were not included in the diluted earnings per share calculation as the shares would be antidilutive. Similarly, 633,391 and 851,254 common stock equivalents were excluded from the diluted earnings per share calculation for the three and nine months ended September 30, 2017, respectively.

	Three months ended September 30,		Nine months ended September 30,	
In thousands except per share amounts	2018	2017	2018	2017
Net income (loss) available to common stockholders:				
Income (loss) from continuing operations	$(53,044)	$(11,728)	$(49,423)	$(3,424)
Income (loss) from discontinued operations	—	(4,924)	550	(5,520)
	$(53,044)	$(16,652)	$(48,873)	$(8,944)
Weighted average shares:				
Basic	185,246	179,278	184,935	179,141
Effect of stock-based compensation plans	—	—	—	—
Diluted	185,246	179,278	184,935	179,141
Basic income (loss) per share:				
Income (loss) from continuing operations	$(0.29)	$(0.07)	$(0.27)	$(0.02)
Income (loss) from discontinued operations	0.00	(0.03)	0.00	(0.03)
Basic[(1)]	$(0.29)	$(0.09)	$(0.26)	$(0.05)
Diluted income (loss) per share:				
Income (loss) from continuing operations	$(0.29)	$(0.07)	$(0.27)	$(0.02)
Income (loss) from discontinued operations	0.00	(0.03)	0.00	(0.03)
Diluted[(1)]	$(0.29)	$(0.09)	$(0.26)	$(0.05)

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

NOTE 10 – FAIR VALUE MEASUREMENTS

	Three months ended September 30,		Nine months ended September 30,	
In thousands	2018	2017	2018	2017
Rochester royalty obligation	$ —	$ —	$ —	$(864)
Interest rate swap	206	—	18	—
Unrealized gain (loss) on equity securities	286	—	(2,898)	—
Realized gain (loss) on equity securities	(3)	—	5,199	—
Zinc options	226	—	588	—
Fair value adjustments, net	$ 715	$ —	$ 2,907	$(864)

Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), secondary priority to quoted prices in inactive markets or observable inputs (Level 2), and the lowest priority to unobservable inputs (Level 3).

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

	Fair Value at September 30, 2018			
In thousands	Total	Level 1	Level 2	Level 3
Assets:				
Equity and debt securities	$24,232	$19,665	$—	$4,567
Other derivative instruments, net	507	—	507	—
	$24,739	$19,665	$507	$4,567
Liabilities:				
Silvertip contingent consideration	$48,945	$—	$—	$48,945
Other derivative instruments, net	267	—	267	—
	$49,212	$—	$267	$48,945

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

The Company's investments in equity securities are recorded at fair market value in the financial statements based primarily on quoted market prices. Such instruments are classified within Level 1 of the fair value hierarchy. Quoted market prices are not available for certain debt securities; these securities are valued using pricing models, which require the use of observable and unobservable inputs, and are classified within Level 3 of the fair value hierarchy.

The Company's other derivative instruments, net, include concentrate and certain doré sales contracts, zinc hedges, and an interest rate swap which are valued using pricing models with inputs derived from observable market data, including contractual terms, forward market prices, yield curves, credit spreads, and other unobservable inputs. The model inputs can generally be verified and do not involve significant management judgment. Such instruments are classified within Level 2 of the fair value hierarchy.

In July 2017, the Company sold the Endeavor Silver Stream and remaining non-core royalties to Metalla Royalty & Streaming Ltd. ("Metalla") for total consideration of $13.0 million, including a $6.7 million convertible debenture. The convertible debenture matures June 30, 2027, bears interest at a rate of 5% payable semi-annually, and is convertible into Metalla shares in connection with future equity financings or asset acquisitions by Metalla at the then-current price to maintain the Company's approximate 19.9% ownership of Metalla. In July 2018, Metalla completed an asset acquisition through the issuance of additional common stock, triggering the top-up clause in the convertible debenture, resulting in the conversion of $1.9 million of debt into Metalla common stock. The fair value of the convertible debenture is estimated based on observable and unobservable data including yield curves and credit spreads. Therefore, the Company classifies the convertible debenture in Level 3 of the fair value hierarchy.

In October 2017, the Company acquired the Silvertip mine from shareholders of JDS Silver Holdings Ltd. The consideration for the Silvertip mine includes two $25.0 million contingent payments, which are payable in cash and common stock upon reaching a future permitting milestone and resource declaration milestone, respectively. The fair value of the Silvertip contingent consideration is estimated based on an estimated discount rate of 2.5% for the contingent permitting payment and 2.9% for the contingent resource declaration payment and is classified within Level 3 of the fair value hierarchy.

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

In thousands	Three Months Ended September 30, 2018 Balance at the beginning of the period	Revaluation	Settlements	Accretion	Balance at the end of the period
Assets:					
Equity and debt securities	$6,227	$ 193	$ (1,853)	$ —	$4,567
Liabilities:					
Silvertip contingent consideration	$48,616	$ —	$ —	$ 329	$48,945

In thousands	Nine Months Ended September 30, 2018 Balance at the beginning of the period	Revaluation	Settlements	Accretion	Balance at the end of the period
Assets:					
Equity and debt securities	$6,891	$ (172)	$ (2,152)	$ —	$4,567
Liabilities:					
Silvertip contingent consideration	$47,965	$ —	$ —	$ 980	$48,945

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

In thousands	September 30, 2018 Book Value	Fair Value	Level 1	Level 2	Level 3
Assets:					
Manquiri Notes Receivable	$9,207	$9,207	$ —	$—	$ 9,207
Liabilities:					
5.875% Senior Notes due 2024[1]	$245,662	$235,725	$ —	$235,725	$ —
Revolving Credit Facility[2]	$120,000	$120,000	$ —	$120,000	$ —

[1] Net of unamortized debt issuance costs of $4.3 million.
[2] Unamortized debt issuance costs of $1.5 million included in Other Non-Current Assets.

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

[1] Net of unamortized debt issuance costs of $4.9 million.
[2] Unamortized debt issuance costs of $1.9 million included in Other Non-Current Assets.

In September 2018, the Company entered into a Letter Agreement with the Buyer, pursuant to which the total aggregate principal amount of the Manquiri Notes Receivable received as partial consideration in the Manquiri Divestiture was reduced from $28.5 million to $25.0 million, and the Buyer made a concurrent cash payment of $15.0 million to the Company in respect of the Manquiri Notes Receivable. In addition, the Company also agreed to suspend the quarterly payments in respect of the NSR on all metals processed through the San Bartolomé mine’s processing facility received as partial consideration in the Manquiri Divestiture until October 15, 2019 and to forgo any rights the Company retained in the transaction to any VAT refunds collected or received by Manquiri. Based on the Company's evaluation of the terms of the Letter Agreement, the Company recorded an $18.6 million write-down that is made up of $13.1 million on the VAT refunds, $3.6 million on the Manquiri Notes Receivable and $1.9 million on the NSR, which is included in Other, net.. The fair value of the Manquiri Notes Receivable was determined using a discounted cash flow model using a 12% discount rate which takes into consideration the increased credit risk and short duration of the Manquiri Notes Receivable.

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The fair value is estimated based on observable and unobservable data including yield curves and credit spreads, therefore, the Company classifies the Manquiri Notes Receivable in Level 3 of the fair value hierarchy; see Note 21 -- Discontinued Operations for additional detail.

The fair value of the 5.875% Senior Notes due 2024 (the “2024 Senior Notes”) was estimated using quoted market prices. The fair value of the Revolving Credit Facility approximates book value as the liability is secured, has a variable interest rate, and lacks significant credit concerns.

NOTE 11 – DERIVATIVE FINANCIAL INSTRUMENTS

Provisional Metal Sales

The Company enters into sales contracts with third-party smelters and refiners which, in some cases, provide for a provisional payment based upon preliminary assays and quoted metal prices. The provisionally priced sales contracts contain an embedded derivative that is required to be separated from the host contract for accounting purposes. The host contract is the receivable recorded at the forward price at the time of sale. The embedded derivatives do not qualify for hedge accounting and are marked to market through earnings each period until final settlement.

Zinc Options

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

Interest Rate Swap

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

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

In thousands except average prices and notional ounces	2018	Thereafter
Provisional silver sales contracts	$1,444	$ —
Average silver price per ounce	$14.61	$ —
Notional ounces	98,832	—
Provisional gold sales contracts	$14,802	$ —
Average gold price per ounce	$1,224	$ —
Notional ounces	12,089	—
Provisional zinc sales contracts	$2,123	$ —
Average zinc price per pound	$1.20	$ —
Notional pounds	1,772,075	—
Provisional lead sales contracts	$1,130	$ —
Average lead price per pound	$0.92	$ —
Notional pound	1,230,193	—
Zinc put options purchased	$2,700	$ —
Average zinc strike price per metric ton	$3,000	$ —
Notional metric tons	900	—
Zinc call options sold	$(3,645)	$ —
Average zinc strike price per metric ton	$4,050	$ —
Notional metric tons	900	—
Fixed interest rate swap payable	$960	$ —
Fixed Interest rate	2.46 %	—
Notional dollars	$50,000	$ —
Variable interest rate swap receivable	$979	$ —
Average variable interest rate	2.51 %	$ —
Notional dollars	$50,000	$ —

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

	September 30, 2018	
In thousands	Prepaid expenses and other	Accrued liabilities and other
Provisional metal sales contracts	$ 310	$ 267
Zinc options	339	—
Interest rate swaps	68	—
	$ 717	$ 267

	December 31, 2017	
In thousands	Prepaid expenses and other	Accrued liabilities and other
Provisional metal sales contracts	$ 251	$ 222

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The following represent mark-to-market gains (losses) on derivative instruments for the three and nine months ended September 30, 2018 and 2017, respectively (in thousands):

		Three months ended September 30,		Nine months ended September 30,	
Financial statement line	Derivative	2018	2017	2018	2017
Revenue	Provisional metal sales contracts	$34	$147	$15	$596
Fair value adjustments, net	Zinc options	225	—	588	—
Fair value adjustments, net	Interest rate swaps	206	—	18	—
		$465	$147	$621	$596

Credit Risk

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

NOTE 12 – ACQUISITIONS

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

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

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

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

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

NOTE 13 – INVESTMENTS

Equity and Debt Securities

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

In thousands	At September 30, 2018 Cost	Gross Unrealized Losses	Gross Unrealized Gains	Estimated Fair Value
Equity Securities				
Metalla Royalty & Streaming Ltd.	8,147	—	2,113	10,260
Northern Empire Resources Corp. [(1)]	4,489	—	2,716	7,205
Rockhaven Resources, Ltd.	2,064	(538)	—	1,526
Other	1,390	(716)	—	674
Equity securities	$16,090	$ (1,254)	$ 4,829	$ 19,665
Debt Securities				
Metalla Royalty & Streaming Ltd.	$4,825	$ (258)	$ —	$ 4,567
Equity and debt securities	$20,915	$ (1,512)	$ 4,829	$ 24,232

(1) In October 2018, the Company acquired the remaining outstanding shares of Norther Empire Resources Corp. not already owned by the Company. See Note 23 -- Subsequent Events for additional detail.

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

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

In thousands	Three months ended September 30, 2018	2017	Nine months ended September 30, 2018	2017
Net gain (loss)	$283	$(32)	$2,301	$(1,300)
Less: Realized (gain) loss	3	32	(5,199)	1,300
Unrealized gain (loss)	$286	$—	$(2,898)	$—

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

In thousands	Less than twelve months Unrealized Losses	Fair Value	Twelve months or more Unrealized Losses	Fair Value	Total Unrealized Losses	Fair Value
Debt securities	—	—	257	4,568	257	4,568

Restricted Assets

The Company, under the terms of its self-insurance and bonding agreements with certain banks, lending institutions and regulatory agencies, is required to collateralize certain portions of its asset retirement obligations. The Company has collateralized these obligations by assigning certificates of deposit that have maturity dates ranging from three months to a year to the applicable institutions or agencies. At September 30, 2018 and December 31, 2017, the

Company held certificates of deposit and cash equivalents under these agreements of $21.4 million and $20.8 million, respectively. The ultimate timing of the release of the collateralized amounts is dependent on the timing and closure of each mine and repayment of the obligation. In order to release the collateral, the Company must seek approval from certain government agencies responsible for monitoring the mine closure status. Collateral could also be released to the extent the Company is able to secure alternative financial assurance satisfactory to the regulatory agencies. The Company believes the collateral will remain in place beyond a twelve-month period and has therefore classified these investments as long-term.

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

NOTE 14 – RECEIVABLES
Receivables consist of the following:

In thousands	September 30, 2018	December 31, 2017
Current receivables:		
Trade receivables	$ 5,965	$ 5,883
Value added tax receivable	13,406	10,982
Manquiri Notes Receivable	9,207	—
Other	1,902	2,204
	$ 30,480	$ 19,069
Non-current receivables:		
Value added tax receivable	$ 28,035	$ 28,750
	28,035	28,750
Total receivables	$ 58,515	$ 47,819

The increase in receivables is due to the recognition of the Manquiri Notes Receivable as consideration for the sale of San Bartolomé. See Note 10 -- Fair Value Measurements and 21 -- Discontinued Operations for additional detail.

NOTE 15 – INVENTORY AND ORE ON LEACH PADS
Inventory consists of the following:

In thousands	September 30, 2018	December 31, 2017
Inventory:		
Concentrate	$ 8,778	$ 6,831
Precious metals	20,116	18,803
Supplies	33,675	32,596
	62,569	58,230
Ore on leach pads:		
Current	77,515	73,752
Non-current	67,420	65,393
	144,935	139,145
Total inventory and ore on leach pads	$ 207,504	$ 197,375

Upon commencement of commercial production, Silvertip recognized a $8.7 million write-down of metal inventory as a result of lower than expected production levels, grades and recovery rates as well as reduced process plant availability and unfavorable changes in metal prices. It is possible that additional write-downs will be required as the Company works to optimize operations at Silvertip.

NOTE 16 – PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment consist of the following:

In thousands	September 30, 2018	December 31, 2017
Land	$ 9,082	$ 9,408
Facilities and equipment	583,459	554,160
Assets under capital leases	109,042	82,753
	701,583	646,321
Accumulated amortization [(1)]	(474,431)	(448,001)
	227,152	198,320
Construction in progress	58,719	56,417

Property, plant and equipment, net	$ 285,871	$ 254,737

(1) Includes $44.9 million and $28.2 million of accumulated amortization related to assets under capital leases at September 30, 2018 and December 31, 2017, respectively.

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

NOTE 17 – MINING PROPERTIES
Mining properties consist of the following (in thousands):

September 30, 2018	Palmarejo	Rochester	Silvertip	Kensington	Wharf	La Preciosa	Other	Total
Mine development	$233,562	$196,143	$105,320	$322,901	$41,498	$—	$—	$899,424
Accumulated amortization	(159,120)	(149,729)	(389)	(191,026)	(17,811)	—	—	(518,075)
	74,442	46,414	104,931	131,875	23,687	—	—	381,349
Mineral interests	629,303	—	245,116	—	45,837	49,085	5,171	974,512
Accumulated amortization	(463,565)	—	(988)	—	(25,843)	—	(422)	(490,818)
	165,738	—	244,128	—	19,994	49,085	4,749	483,694
Mining properties, net	$240,180	$46,414	$349,059	$131,875	$43,681	$49,085	$4,749	$865,043

December 31, 2017	Palmarejo	Rochester	Silvertip	Kensington	Wharf	La Preciosa	Total
Mine development	$214,383	$193,881	$57,214	$298,749	$40,618	$—	$804,845
Accumulated amortization	(146,598)	(144,390)	—	(178,632)	(15,748)	—	(485,368)
	67,785	49,491	57,214	120,117	24,870	—	319,477
Mineral interests	629,303	—	245,116	—	45,837	49,085	969,341
Accumulated amortization	(435,215)	—	—	—	(24,034)	—	(459,249)
	194,088	—	245,116	—	21,803	49,085	510,092
Mining properties, net	$261,873	$49,491	$302,330	$120,117	$46,673	$49,085	$829,569

In February 2018, the Company completed the sale of the Manquiri Divestiture. Pursuant to the terms of the agreement, the Company received, among other consideration, the NSR. Coeur estimates the value of this net smelter returns royalty to be approximately $7.1 million, which is included in Other. In September 2018, the Company entered into the Letter Agreement, pursuant to which the Company agreed to suspend the quarterly payments in respect of the NSR until October 15, 2019. Based on the Company's evaluation of the terms of the Letter Agreement, the Company recorded a write-down of $1.9 million on the NSR. See Note 10 -- Fair Value Measurements and 21 -- Discontinued Operations for additional detail.

The Silvertip mine reached commercial production on September 1, 2018. The determination of commercial production (or ready for intended use) was based on many factors requiring the exercise of judgment. Factors that were considered when determining if intended use had been achieved included achievement of continuous production or other output, mineral recoveries at or near expected levels, the absence of routine take-downs of the plant to address commissioning issues and fix problems, and the release of the commissioning team.

Prior to commercial production, costs related to mine development, construction of long-lived assets, and inventory were capitalized; all other costs were expensed in the period incurred. Amortization of mining properties commenced when the mine reached commercial production.

NOTE 18 – DEBT

	September 30, 2018		December 31, 2017	
In thousands	Current	Non-Current	Current	Non-Current
2024 Senior Notes, net[1]	$—	$ 245,662	$—	$ 245,088
Revolving Credit Facility[2]	—	120,000	—	100,000
Capital lease obligations	22,696	40,832	16,559	35,481
Silvertip debt obligation	—	—	14,194	—
	$22,696	$ 406,494	$30,753	$ 380,569

[1] Net of unamortized debt issuance costs of $4.3 million and $4.9 million at September 30, 2018 and December 31, 2017, respectively.

(2) Unamortized debt issuance costs of $1.5 million and $1.9 million at September 30, 2018 and December 31, 2017, respectively, included in Other Non-Current Assets.

Coeur Mining, Inc. and Subsidiaries
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5.875% Senior Notes due 2024
In May 2017, the Company completed an offering of $250.0 million in aggregate principal amount of 2024 Senior Notes in a private placement conducted pursuant to Rule 144A and Regulation S under the Securities Act of 1933, as amended, for net proceeds of approximately $245.0 million. The 2024 Senior Notes bear interest at a rate of 5.875% per year from the date of issuance. Interest on the 2024 Senior Notes is payable semi-annually in arrears on June 1 and December 1 of each year. The 2024 Senior Notes will mature on June 1, 2024 and are fully and unconditionally guaranteed by the Guarantors.
Revolving Credit Facility
In September 2017, the Company, as borrower, and certain subsidiaries of the Company, as guarantors, entered into a Credit Agreement (the "Credit Agreement") with Bank of America, N.A, Royal Bank of Canada, Bank of Montreal, and the Bank of Nova Scotia. The Credit Agreement provides for a $200.0 million senior secured revolving credit facility (the "Facility"), which may be increased by up to $50.0 million in incremental loans and commitments subject to the terms of the Credit Agreement. The Facility has a term of four years. Loans under the Facility will bear interest at a rate equal to either a base rate plus a margin ranging from 1.00% to 1.75% or an adjusted LIBOR rate plus a margin ranging from 2.00% to 2.75%, as selected by the Company, in each case, with such margin determined in accordance with a pricing grid based upon the Company's consolidated net leverage ratio as of the end of the applicable period.

At September 30, 2018, the Company had $68.0 million available under the Facility; $25.0 million was drawn in the third quarter of 2018 to finance working capital and general corporate purposes, $15.0 million was drawn to repay the third-party debt obligation at Silvertip as described below, $100.0 million was drawn to partially fund the Silvertip acquisition in 2017, and $12.0 million was drawn to support outstanding letters of credit. In September 2018, the company repaid $20.0 million of the outstanding balance. At September 30, 2018, the interest rate of the Facility was 4.415%. The Company has swapped $50,000,000 of variable rate debt on the Facility to fixed rate debt through an interest rate swap.
Silvertip Debt Obligation
The Company assumed an existing third-party debt obligation as part of the Silvertip acquisition. In February 2018, the Company voluntarily terminated and repaid the remaining debt obligation of $12.6 million.
Capital Lease Obligations
From time to time, the Company acquires mining equipment under capital lease agreements. In the nine months ended September 30, 2018, the Company entered into new lease financing arrangements primarily for mining equipment at Rochester, Palmarejo, Silvertip and Kensington. All capital lease obligations are recorded, upon lease inception, at the present value of future minimum lease payments.
Interest Expense

	Three months ended September 30,		Nine months ended September 30,	
In thousands	2018	2017	2018	2017
2024 Senior Notes	$3,672	$3,672	$11,016	$4,937
2021 Senior Notes	—	—	—	6,221
Revolving Credit Facility	1,515	—	4,035	—
Capital lease obligations	512	402	1,551	1,092
Amortization of debt issuance costs	323	180	972	518
Accretion of debt premium	—	—	—	(71)
Accretion of Silvertip contingent consideration	329	—	980	—
Other debt obligations	196	13	312	30
Capitalized interest	(729)	(672)	(1,065)	(1,809)
Total interest expense, net of capitalized interest	$5,818	$3,595	$17,801	$10,918

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Coeur Mining, Inc. and Subsidiaries
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NOTE 19 - SUPPLEMENTAL GUARANTOR INFORMATION
The following Consolidating Financial Statements are presented to satisfy disclosure requirements of Rule 3-10 of Regulation S-X resulting from the guarantees by Coeur Alaska, Inc., Coeur Explorations, Inc., Coeur Rochester, Inc., Coeur South America Corp., Wharf Resources (U.S.A.), Inc. and its subsidiaries, and Coeur Capital, Inc. (collectively, the "Subsidiary Guarantors") of the 2024 Senior Notes. The following schedules present Consolidating Financial Statements of (a) Coeur, the parent company; (b) the Subsidiary Guarantors; and (c) certain wholly-owned domestic and foreign subsidiaries of the Company (collectively, the "Non-Guarantor Subsidiaries"). Each of the Subsidiary Guarantors is 100% owned by Coeur and the guarantees are full and unconditional and joint and several obligations. There are no restrictions on the ability of Coeur to obtain funds from the Subsidiary Guarantors by dividend or loan.
CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)
THREE MONTHS ENDED SEPTEMBER 30, 2018

In thousands	Coeur Mining, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	$—	$ 89,289	$ 59,506	$ —	$ 148,795
COSTS AND EXPENSES					
Costs applicable to sales[1]	—	73,768	43,089	—	116,857
Amortization	232	15,084	15,868	—	31,184
General and administrative	7,682	3	44	—	7,729
Exploration	383	2,245	5,529	—	8,157
Pre-development, reclamation, and other	1,302	5,456	1,363	—	8,121
Total costs and expenses	9,599	96,556	65,893	—	172,048
OTHER INCOME (EXPENSE), NET					
Fair value adjustments, net	745	(30)	—	—	715
Other, net	(14,194)	(189)	(2,599)	(3,921)	(20,903)
Interest expense, net of capitalized interest	(5,445)	(372)	(3,922)	3,921	(5,818)
Total other income (expense), net	(18,894)	(591)	(6,521)	—	(26,006)
Income (loss) from continuing operations before income and mining taxes	(28,493)	(7,858)	(12,908)	—	(49,259)
Income and mining tax (expense) benefit	(430)	(489)	(2,866)	—	(3,785)
Income (loss) from continuing operations	(28,923)	(8,347)	(15,774)	—	(53,044)
Equity income (loss) in consolidated subsidiaries	(24,122)	(47)	(174)	24,343	—
Income (loss) from discontinued operations	—	—	—	—	—
NET INCOME (LOSS)	$(53,045)	$ (8,394)	$ (15,948)	$ 24,343	$ (53,044)
OTHER COMPREHENSIVE INCOME (LOSS), net of tax:					
Unrealized gain (loss) on debt securities, net of tax	192	—	—	—	192
COMPREHENSIVE INCOME (LOSS)	$(52,853)	$ (8,394)	$ (15,948)	$ 24,343	$ (52,852)

(1) Excludes amortization.

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

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)
THREE MONTHS ENDED SEPTEMBER 30, 2017

In thousands	Coeur Mining, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	$—	$ 99,093	$ 60,827	$ —	$ 159,920
COSTS AND EXPENSES					
Costs applicable to sales(1)	—	68,267	33,292	—	101,559
Amortization	286	15,678	16,436	—	32,400
General and administrative	7,250	6	89	—	7,345
Exploration	466	4,582	4,743	—	9,791
Pre-development, reclamation, and other	1,030	1,922	2,078	—	5,030
Total costs and expenses	9,032	90,455	56,638	—	156,125
OTHER INCOME (EXPENSE), NET					
Other, net	2,868	(4,603)	5,509	(1,413)	2,361
Interest expense, net of capitalized interest	(3,220)	(264)	(1,524)	1,413	(3,595)
Total other income (expense), net	(352)	(4,867)	3,985	—	(1,234)
Income (loss) from continuing operations before income and mining taxes	(9,384)	3,771	8,174	—	2,561
Income and mining tax (expense) benefit	(8,091)	(574)	(5,624)	—	(14,289)
Income (loss) from continuing operations	(17,475)	3,197	2,550	—	(11,728)
Equity income (loss) in consolidated subsidiaries	823	(1,755)	(304)	1,236	—
Income (loss) from discontinued operations	—	—	(4,924)	—	(4,924)
NET INCOME (LOSS)	$(16,652)	$ 1,442	$ (2,678)	$ 1,236	$ (16,652)
OTHER COMPREHENSIVE INCOME (LOSS), net of tax:					
Unrealized gain (loss) on debt securities, net of tax	1,066	1,504	—	(1,504)	1,066
Reclassification adjustments for impairment of equity securities, net of tax	—	(852)	—	852	—
Reclassification adjustments for realized gain (loss) on sale of equity securities, net of tax	32	1,112	—	(1,112)	32
Other comprehensive income (loss)	1,098	1,764	—	(1,764)	1,098
COMPREHENSIVE INCOME (LOSS)	$(15,554)	$ 3,206	$ (2,678)	$ (528)	$ (15,554)

(1) Excludes amortization.

Coeur Mining, Inc. and Subsidiaries
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CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
THREE MONTHS ENDED SEPTEMBER 30, 2018

In thousands	Coeur Mining, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash provided by (used in) activities of continuing operations	$(37,112)	$ 7,058	$ 11,500	$ 24,343	5,789
Cash provided by (used in) activities of discontinued operations	—	—	—	—	—
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(37,112)	7,058	11,500	24,343	5,789
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditures	(119)	(16,720)	(22,633)	—	(39,472)
Proceeds from the sale of assets	—	304	89	—	393
Purchase of investments	(15)	—	—	—	(15)
Sales of investments	(126)	48	—	—	(78)
Proceeds from notes receivable	15,000	—	—	—	15,000
Other	124	—	(60)	—	64
Investments in consolidated subsidiaries	24,121	56	166	(24,343)	—
Cash provided by (used in) activities of continuing operations	38,985	(16,312)	(22,438)	(24,343)	(24,108)
Cash provided by (used in) activities of discontinued operations	—	—	—	—	—
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	38,985	(16,312)	(22,438)	(24,343)	(24,108)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Issuance of notes and bank borrowings, net of issuance costs	25,000	—	—	—	25,000
Payments on debt, capital leases, and associated costs	(20,000)	(3,535)	(1,998)	—	(25,533)
Net intercompany financing activity	(7,130)	(4,844)	11,974	—	—
Other	(77)	—	—	—	(77)
Cash provided by (used in) activities of continuing operations	(2,207)	(8,379)	9,976	—	(610)
Cash provided by (used in) activities of discontinued operations	—	—	—	—	—
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(2,207)	(8,379)	9,976	—	(610)
Effect of exchange rate changes on cash and cash equivalents	—	(2)	185	—	183
Less net cash provided by (used in) discontinued operations	—	—	—	—	—
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(334)	(17,635)	(777)	—	(18,746)
Cash, cash equivalents and restricted cash at beginning of period	24,232	40,200	71,594	—	136,026
	$23,898	$ 22,565	$ 70,817	$ —	$ 117,280

Cash, cash equivalents and restricted cash at end of period

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

In thousands	Coeur Mining, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash provided by (used in) activities of continuing operations	$(8,682)	$ 27,407	$ 17,348	$ 1,236	37,309
Cash provided by (used in) activities of discontinued operations	—	—	(7,877)	—	(7,877)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(8,682)	27,407	9,471	1,236	29,432
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditures	(318)	(23,016)	(5,648)	—	(28,982)
Proceeds from the sale of assets	—	76	940	—	1,016
Purchase of investments	(3,594)	(1)	—	—	(3,595)
Sales of investments	—	403	—	—	403
Other	(4,252)	—	(67)	—	(4,319)
Investments in consolidated subsidiaries	3,432	7,144	(9,340)	(1,236)	—
Cash provided by (used in) activities of continuing operations	(4,732)	(15,394)	(14,115)	(1,236)	(35,477)
Cash provided by (used in) activities of discontinued operations	—	—	(412)	—	(412)
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(4,732)	(15,394)	(14,527)	(1,236)	(35,889)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Issuance of notes and bank borrowings	(2,257)	—	—	—	(2,257)
Payments on debt, capital leases, and associated costs	—	(1,894)	(1,429)	—	(3,323)
Net intercompany financing activity	9,266	(12,370)	3,104	—	—
Other	(6)	—	—	—	(6)
Cash provided by (used in) activities of continuing operations	7,003	(14,264)	1,675	—	(5,586)
Cash provided by (used in) activities of discontinued operations	—	—	(21)	—	(21)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	7,003	(14,264)	1,654	—	(5,607)
Effect of exchange rate changes on cash and cash equivalents	—	3	(225)	—	(222)
Less net cash provided by (used in) discontinued operations	—	—	(8,491)	—	(8,491)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(6,411)	(2,248)	4,864	—	(3,795)
Cash, cash equivalents and restricted cash at beginning of period	113,708	47,912	49,189	—	210,809
Cash, cash equivalents and restricted cash at end of period	$107,297	$ 45,664	$ 54,053	$ —	$ 207,014

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

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)
NINE MONTHS ENDED SEPTEMBER 30, 2018

In thousands	Coeur Mining, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	$—	$ 281,762	$ 200,287	$ —	$ 482,049
COSTS AND EXPENSES					
Costs applicable to sales[1]	—	219,948	104,495	—	324,443
Amortization	714	43,876	46,830	—	91,420
General and administrative	24,113	15	55	—	24,183
Exploration	1,168	7,289	12,812	—	21,269
Pre-development, reclamation, and other	1,912	9,391	4,663	—	15,966
Total costs and expenses	27,907	280,519	168,855	—	477,281
OTHER INCOME (EXPENSE), NET					
Fair value adjustments, net	3,335	(428)		—	2,907
Other, net	(4,890)	187	(3,607)	(11,536)	(19,846)
Interest expense, net of capitalized interest	(15,786)	(1,092)	(12,459)	11,536	(17,801)
Total other income (expense), net	(17,341)	(1,333)	(16,066)	—	(34,740)
Income (loss) from continuing operations before income and mining taxes	(45,248)	(90)	15,366	—	(29,972)
Income and mining tax (expense) benefit	286	(2,997)	(16,740)	—	(19,451)
Income (loss) from continuing operations	(44,962)	(3,087)	(1,374)	—	(49,423)
Equity income (loss) in consolidated subsidiaries	(4,922)	(113)	(590)	5,625	—
Income (loss) from discontinued operations	1,010	(284)	(176)	—	550
NET INCOME (LOSS)	$(48,874)	$ (3,484)	$ (2,140)	$ 5,625	$ (48,873)
OTHER COMPREHENSIVE INCOME (LOSS), net of tax:					
Unrealized gain (loss) on debt securities, net of tax	(173)	—	—	—	(173)
COMPREHENSIVE INCOME (LOSS)	$(49,047)	$ (3,484)	$ (2,140)	$ 5,625	$ (49,046)

(1) Excludes amortization.

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

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)
NINE MONTHS ENDED SEPTEMBER 30, 2017

In thousands	Coeur Mining, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	$—	$ 301,658	$ 193,356	$ —	$ 495,014
COSTS AND EXPENSES					
Costs applicable to sales[1]	—	207,385	110,893	—	318,278
Amortization	908	49,617	51,302	—	101,827
General and administrative	24,316	26	153	—	24,495
Exploration	1,197	9,526	12,133	—	22,856
Pre-development, reclamation, and other	1,803	5,593	5,556	—	12,952
Total costs and expenses	28,224	272,147	180,037	—	480,408
OTHER INCOME (EXPENSE), NET					
Loss on debt extinguishments	(9,342)	—	—	—	(9,342)
Fair value adjustments, net	—	(864)	—	—	(864)
Other, net	20,090	3,332	7,951	(4,239)	27,134
Interest expense, net of capitalized interest	(9,876)	(703)	(4,578)	4,239	(10,918)
Total other income (expense), net	872	1,765	3,373	—	6,010
Income (loss) from continuing operations before income and mining taxes	(27,352)	31,276	16,692	—	20,616
Income and mining tax (expense) benefit	(3,108)	(3,946)	(16,986)	—	(24,040)
Income (loss) from continuing operations	(30,460)	27,330	(294)	—	(3,424)
Equity income (loss) in consolidated subsidiaries	21,516	(546)	(609)	(20,361)	—
Income (loss) from discontinued operations	—	—	(5,520)	—	(5,520)
NET INCOME (LOSS)	$ (8,944)	$ 26,784	$ (6,423)	$ (20,361)	$ (8,944)
OTHER COMPREHENSIVE INCOME (LOSS), net of tax:					
Unrealized gain (loss) on debt and equity securities, net of tax	(1,134)	756	—	(756)	(1,134)
Reclassification adjustments for impairment of equity securities, net of tax	426	(426)	—	426	426
Reclassification adjustments for realized loss on sale of equity securities, net of tax	1,300	540	—	(540)	1,300
Other comprehensive income (loss)	592	870	—	(870)	592
COMPREHENSIVE INCOME (LOSS)	$ (8,352)	$ 27,654	$ (6,423)	$ (21,231)	$ (8,352)

(1) Excludes amortization.

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

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2018

In thousands	Coeur Mining, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash provided by (used in) activities of continuing operations	$(36,687)	$ 33,173	$ 17,925	$ 5,625	20,036
Cash provided by (used in) activities of discontinued operations	—	—	(2,690)	—	(2,690)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(36,687)	33,173	15,235	5,625	17,346
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditures	(303)	(43,598)	(79,081)	—	(122,982)
Proceeds from the sale of assets	23	437	89	—	549
Purchase of investments	(415)	—	—	—	(415)
Sales of investments	11,694	988	—	—	12,682
Proceeds from notes receivable	15,000	—	—	—	15,000
Other	45	109	(188)	—	(34)
Investments in consolidated subsidiaries	4,922	121	582	(5,625)	—
Cash provided by (used in) activities of continuing operations	30,966	(41,943)	(78,598)	(5,625)	(95,200)
Cash provided by (used in) activities of discontinued operations	—	—	(28,470)	—	(28,470)
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	30,966	(41,943)	(107,068)	(5,625)	(123,670)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Issuance of notes and bank borrowings, net of issuance costs	40,000	—	—	—	40,000
Payments on debt, capital leases, and associated costs	(20,000)	(8,462)	(19,893)	—	(48,355)
Net intercompany financing activity	(41,498)	(12,436)	53,934	—	—
Other	(4,916)	—	—	—	(4,916)
Cash provided by (used in) activities of continuing operations	(26,414)	(20,898)	34,041	—	(13,271)
Cash provided by (used in) activities of discontinued operations	—	—	(22)	—	(22)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(26,414)	(20,898)	34,019	—	(13,293)
Effect of exchange rate changes on cash and cash equivalents	—	(6)	571	—	565
Less net cash provided by (used in) discontinued operations	—	—	(32,930)	—	(32,930)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(32,135)	(29,674)	(24,313)	—	(86,122)
Cash, cash equivalents and restricted cash at beginning of period	56,033	52,239	95,130	—	203,402
	$23,898	$ 22,565	$ 70,817	$ —	$ 117,280

Cash, cash equivalents and restricted cash at end of period

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

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2017

In thousands	Coeur Mining, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash provided by (used in) activities of continuing operations	$(18,502)	$ 59,434	$ 84,778	$ (20,361)	105,349
Cash provided by (used in) activities of discontinued operations	—	—	8,633	—	8,633
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(18,502)	59,434	93,411	(20,361)	113,982
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditures	(1,626)	(63,928)	(24,126)	—	(89,680)
Proceeds from the sale of assets	8,917	6,670	884	—	16,471
Purchase of investments	(13,558)	(1)	—	—	(13,559)
Sales of investments	9,157	2,164	—	—	11,321
Other	(4,197)	—	(188)	—	(4,385)
Investments in consolidated subsidiaries	(9,572)	7,897	(18,686)	20,361	—
Cash provided by (used in) activities of continuing operations	(10,879)	(47,198)	(42,116)	20,361	(79,832)
Cash provided by (used in) activities of discontinued operations	—	—	(1,175)	—	(1,175)
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(10,879)	(47,198)	(43,291)	20,361	(81,007)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Issuance of notes and bank borrowings	242,701	—	—	—	242,701
Payments on debt, capital leases, and associated costs	(185,538)	(5,789)	(4,112)	—	(195,439)
Net intercompany financing activity	16,904	(10,809)	(6,095)	—	—
Other	(3,726)	—	—	—	(3,726)
Cash provided by (used in) activities of continuing operations	70,341	(16,598)	(10,207)	—	43,536
Cash provided by (used in) activities of discontinued operations	—	—	(62)	—	(62)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	70,341	(16,598)	(10,269)	—	43,474
Effect of exchange rate changes on cash and cash equivalents	—	3	659	—	662
Less net cash provided by (used in) discontinued operations	—	—	(3,302)	—	(3,302)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	40,960	(4,359)	43,812	—	80,413
Cash, cash equivalents and restricted cash at beginning of period	66,337	50,023	10,241	—	126,601
	$107,297	$ 45,664	$ 54,053	$—	$ 207,014

Cash, cash equivalents and restricted cash at end of period

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

CONDENSED CONSOLIDATING BALANCE SHEET
SEPTEMBER 30, 2018

In thousands	Coeur Mining, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$11,432	$22,496	$70,818	$—	$104,746
Receivables	9,697	3,355	17,428	—	30,480
Ore on leach pads	—	77,515	—	—	77,515
Inventory	—	28,751	33,818	—	62,569
Prepaid expenses and other	4,938	1,430	5,799	—	12,167
	26,067	133,547	127,863	—	287,477
NON-CURRENT ASSETS					
Property, plant and equipment, net	2,893	176,645	106,333	—	285,871
Mining properties, net	4,753	221,969	638,321	—	865,043
Ore on leach pads	—	67,420	—	—	67,420
Restricted assets	14,359	227	6,775	—	21,361
Equity and debt securities	24,218	14	—	—	24,232
Receivables	—	—	28,035	—	28,035
Net investment in subsidiaries	459,064	258	294	(459,616)	—
Other	297,919	11,846	3,897	(294,724)	18,938
TOTAL ASSETS	$829,273	$611,926	$911,518	$(754,340)	$1,598,377
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Accounts payable	$2,244	$21,697	$31,191	$—	$55,132
Other accrued liabilities	11,701	11,148	42,551	—	65,400
Debt	—	16,913	5,783	—	22,696
Reclamation	—	2,313	1,464	—	3,777
	13,945	52,071	80,989	—	147,005
NON-CURRENT LIABILITIES					
Debt	365,662	33,022	302,534	(294,724)	406,494
Reclamation	—	85,376	37,601	—	122,977
Deferred tax liabilities	5,179	4,928	88,784	—	98,891
Other long-term liabilities	2,627	3,178	49,422	—	55,227
Intercompany payable (receivable)	(325,923)	305,823	20,100	—	—
	47,545	432,327	498,441	(294,724)	683,589
STOCKHOLDERS' EQUITY					
Common stock	1,870	39,010	195,020	(234,030)	1,870
Additional paid-in capital	3,359,183	143,542	1,927,630	(2,071,172)	3,359,183
Accumulated deficit	(2,593,012)	(55,024)	(1,790,562)	1,845,586	(2,593,012)
Accumulated other comprehensive income (loss)	(258)	—	—	—	(258)
	767,783	127,528	332,088	(459,616)	767,783
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$829,273	$611,926	$911,518	$(754,340)	$1,598,377

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

CONDENSED CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2017

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

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

NOTE 20 – COMMITMENTS AND CONTINGENCIES

Palmarejo Gold Stream

Coeur Mexicana, S.A. de C.V. ("Coeur Mexicana"), a subsidiary of Coeur, sells 50% of Palmarejo gold production (excluding production from the Paramount properties acquired in 2015) to Franco-Nevada under a gold stream agreement for the lesser of $800 or spot price per ounce. In 2015, Coeur Mexicana received a $22.0 million deposit toward future deliveries under the gold stream agreement. In accordance with generally accepted accounting principles, although Coeur has satisfied its contractual obligation to repay the deposit to Franco-Nevada, the deposit is accounted for as deferred revenue and is recognized as revenue on a units of production basis as ounces are sold to Franco-Nevada. As of September 30, 2018, the remaining unamortized balance was $13.2 million.

Silvertip Contingent Consideration

A total of up to $50.0 million of contingent consideration, payable in cash and common stock, is payable in conjunction with the October 2017 Silvertip acquisition. The contingent consideration is based on the achievement of two milestones, which the Company has determined to be probable at September 30, 2018. The first milestone payment of $25.0 million is contingent upon receipt of a permit expansion for a sustained mining and milling rate of 1,000 tonnes per day. The permit application was required to be submitted to the British Columbia Ministry of Energy and Mining no later than June 2018 and was submitted on April 30, 2018. The second milestone payment of up to $25.0 million is contingent upon the amount of resource tonnes added as of December 31, 2019. The former JDS Silver Holdings Ltd. shareholders will receive $5.0 million for a total resource of at least 2.5 million tonnes and $5.0 million for every 0.3 million tonnes over 2.5 million tonnes, up to 3.7 million tonnes. The maximum payment of $25.0 million can be earned if the total resource reaches 3.7 million tonnes. The Silvertip mine had total mineralized material of approximately 2.6 million tonnes at December 31, 2017.

NOTE 21 – DISCONTINUED OPERATIONS

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

Coeur and its subsidiaries received the following consideration:

- The NSR commencing immediately upon the closing of the Transaction, valued at $7.1 million.
- Pre-closing VAT refunds valued at $12.7 million that will be collected or received by Manquiri in the future will be paid to Coeur (net of collection costs).
- The Manquiri Notes Receivable valued at $26.9 million payable to Coeur and certain of its subsidiaries representing Manquiri's cash and cash equivalents on the date of closing of the Manquiri Divestiture, and providing for repayment beginning in October 2018.
- The Company recognized a liability of approximately $5.7 million for certain post-closing covenants, guaranties and indemnification obligations on the part of the Company pursuant to the Agreement

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

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

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

Three
months
ended
September
30,