REPORT ON ACTIVITIES FOR THE QUARTER ENDED
30 JUNE 2007

1. EXECUTIVE SUMMARY

The following is an executive summary of the following 30 June 2007 Quarterly Report.

Section 2 CORPORATE ACTIVITIES

● US$1.1 billion merger agreement announced with Coeur d’Alene Mines Corporation (‘Coeur’).
● Coeur completes due diligence investigations and transaction expected to complete in the fourth quarter of 2007.

Section 3.1 PALMAREJO PROJECT DEVELOPMENT

● Palmarejo project development progressing.

Section 3.2 PALMAREJO DRILLING AND ASSAY RESULTS

● Palmarejo project drilling indicates that some ore grade material may exist between Rosario and 076.
● Drilling at Cerro de los Hillos colour alteration anomaly intersects weak mineralisation.

Section 3.3 TROGAN EXPLORATION PROJECTS

● Further positive drilling results from the Guadalupe project continue to demonstrate the down-dip and along strike continuity of the wide zones of high grade mineralisation. Resource upgrade expected shortly.
● Further positive drilling results from the La Patria project continue to demonstrate the further resource potential. Resource update will be commenced after completion of Guadalupe update.
● Clay bloom identified at Los Bancos with similar characteristics to the surface of the 076 clavo discovery.

2. CORPORATE ACTIVITIES

2.1 Coeur d’Alene Transaction Summary

On 4 May 2007, the Company announced that Coeur d’Alene Mines Corporation (NYSE: CDE, TSX: CDM) (‘Coeur’), Bolnisi Gold NL (ASX: BSG) (‘Bolnisi’) and Palmarejo Silver and Gold Corporation (TSX-V: PJO) (‘Palmarejo’) announced that they had entered into agreements, which had been approved unanimously by their respective boards of directors, as well as a special committee of independent directors of the Palmarejo board of directors, to merge, thereby creating the world’s leading primary silver producer. Pursuant to the agreements, Coeur will acquire all of the shares of Bolnisi, and all of the shares of Palmarejo not owned by Bolnisi, in a transaction valued at approximately US$1.1 billion (the ‘Transaction’).
Under the terms of the Transaction, Bolnisi shareholders will receive 0.682 Coeur shares for each Bolnisi share they own (or, at the election of the Bolnisi shareholder, CHESS Depositary Interests representing Coeur shares), and Palmarejo shareholders will receive 2.715 Coeur shares for each Palmarejo share they own. It is anticipated that this will result in Coeur issuing a total of approximately 271.3 million new shares. In addition, Bolnisi and Palmarejo shareholders will receive a nominal cash payment equal to A$0.004 (US$0.003) per Bolnisi share and C$0.004 (US$0.003) per Palmarejo share.

The Transaction will create a combined entity that expects to realise several significant strategic benefits, including:

- **Leading Silver Producer:** Upon completion of the Transaction and following commencement of production at the Palmarejo project, Coeur will be positioned as the world’s leading primary silver producer in terms of silver production and silver resources. Based on Palmarejo mineral resource estimates and all the metallurgical and mining studies completed to date, Palmarejo is constructing a 2 million tonne per annum processing plant capable of producing 12 million ounces of silver and 110,000 ounces of gold annually, which Coeur expects would nearly double its current production levels. As a result of this Transaction, Coeur is expected to:
  - produce approximately 32 million silver ounces and approximately 290,000 gold ounces in 2009 – silver production accounting for approximately two-thirds of total production by value based on analyst consensus metal prices for 2009;
  - possess a mineral resource base of over 364 million ounces of measured and indicated silver mineral resources (inclusive of silver mineral reserves) and 96.6 million ounces of inferred silver mineral resources and 3.4 million ounces of measured and indicated gold mineral resources and 0.95 million ounces of gold inferred mineral resources. Detailed descriptions of mineral resources and reserves of both Coeur and Palmarejo are attached as Appendix 1;
  - have a leading growth profile with silver production compound annual growth of approximately 47% between 2007 and 2009; and
  - continue its no-hedge silver policy, maximizing leverage to silver prices.

- **Well-Diversified Portfolio:** Coeur owns and operates three silver mines in North America and South America, owns all of the silver production and mineral reserves of two operating mines in Australia, and is constructing a new silver mine in Bolivia and a new gold mine in Alaska. The addition of the Palmarejo project to Coeur’s portfolio will geographically diversify Coeur’s asset mix and provide entry into a prolific mining area of Mexico, which is the world’s second largest silver producing country.

- **Increased Exploration Potential:** The combination of Coeur’s prospective exploration portfolio and the Palmarejo properties is expected to provide considerable exploration upside potential for shareholders.

- **Low-Cost Producer:** The Palmarejo project’s anticipated low operating costs are expected to materially reduce Coeur’s overall cash costs, making Coeur a competitive low-cost producer in the sector. Following the commencement of production at the Palmarejo project, Coeur anticipates that its operating costs will be below US$2.00 per ounce of silver (after by-product credits).

- **Sector Leading Liquidity:** Coeur is currently listed on both the NYSE and TSX, and, in connection with the Transaction, Coeur intends to seek listing of its shares on the ASX in the form of CHESS Depositary Interests. Coeur expects to remain one of the world’s most liquid publicly-traded silver mining companies.

- **Strong Balance Sheet:** Based on Coeur’s, Bolnisi’s and Palmarejo’s balance sheets as at December 31, 2006, the pro forma cash position of the combined company would be $382 million, which is expected to be sufficient to fund all three growth projects – San Bartolome, Kensington and Palmarejo – without further equity dilution.
2.2 Terms of the Transaction

Under the terms of the Transaction, Coeur will acquire all of the outstanding shares of Bolnisi and all of the outstanding shares of Palmarejo not owned by Bolnisi in exchange for shares in Coeur. Based on the total number of outstanding shares of common stock for both Bolnisi and Palmarejo as of 2 May 2007, the Transaction has a total value of approximately US$1.1 billion.

Under the terms of the Transaction, Bolnisi shareholders will receive 0.682 Coeur shares for each Bolnisi share they own (or, at the election of the Bolnisi shareholder, CHESS Depositary Interests representing Coeur shares) under a Court approved Scheme of Arrangement pursuant to Australian law, and Palmarejo shareholders will receive 2.715 Coeur shares for each Palmarejo share they own under a Court approved Plan of Arrangement pursuant to Canadian law. In addition, Bolnisi and Palmarejo shareholders will receive a nominal cash payment equal to A$0.004 (US$0.003) per Bolnisi share and C$0.004 (US$0.003) per Palmarejo share.

Each of the directors of Bolnisi has entered into a call option deed, which, between them, grants Coeur the right to acquire up to 19.9% of Bolnisi’s outstanding shares held by the directors on the same terms as those offered by Coeur to other Bolnisi shareholders under the Bolnisi Scheme of Arrangement.

Under the terms of the Transaction, Bolnisi, Palmarejo and Coeur have agreed to give each other exclusivity, subject to certain exceptions and have agreed to a reciprocal break fee of 1% payable in certain circumstances.

The Transaction is subject to approval by the shareholders of Bolnisi, Palmarejo and Coeur and the satisfaction of customary closing conditions (including completion of regulatory reviews and receipt of regulatory approvals, including those of antitrust agencies). The consummation of each of the Bolnisi transaction and the Palmarejo transaction is also conditional upon the consummation of the other transaction, although Coeur has the right to waive this condition if the Palmarejo transaction does not proceed, and still proceed with the Bolnisi transaction.

The Bolnisi Scheme of Arrangement requires the approval of three-fourths of the total shares voted, plus half of the shareholders present and voting at the meeting, either in person or by proxy. The Palmarejo Plan of Arrangement must be approved by two-thirds of the votes cast by shareholders present and voting at a special meeting of shareholders called to consider the Transaction, as well as a simple majority of the votes cast by such shareholders (excluding interested parties). Both Arrangements require approval by the applicable courts in Canada and Australia.

Coeur’s Board of Directors has unanimously approved the Transaction and recommends that Coeur shareholders vote in favour of proposals required for its implementation. Prior to the Bolnisi and Palmarejo shareholder meetings, Coeur will convene a special meeting of its shareholders to approve an amendment to Coeur’s articles of incorporation to increase the number of its authorized capital and to approve the issuance of shares required to implement the Transaction. These proposals require the approval of a majority of the Coeur shares that are present or represented by proxy at the shareholder meeting.

2.3 Transaction Implementation

Subsequent to entering into the Transaction, Coeur completed its due diligence under the terms of the Merger Implementation Agreement with Bolnisi and, the companies expect to begin mailing information to Bolnisi, Palmarejo and Coeur shareholders in September. All three companies’ shareholder meetings are expected to be held in October. Assuming timely completion of the required regulatory processes and receipt of the required shareholder and court approvals, the companies expect the transaction to be completed in the fourth quarter of 2007.

During the transaction implementation period, a Project Development Committee responsible for daily management of the mine’s construction consisting of professional staff from Bolnisi, Palmarejo and Coeur has been established. The companies have agreed to appoint an interim project manager to be a senior Coeur executive with substantial development and operational expertise.
While the initial focus will be to develop the Rosario deposit using open pit mining methods, the Project Development Committee will complete a pre-feasibility study by the end of August, which will include a combined open-pit and underground mine development scenario.

Based on a recently-completed scoping study and optimisation work for this combined open-pit and underground mine development, the total estimated capital costs to bring the Palmarejo Project into production, including pre-stripping, underground development, mining fleet, power line, ongoing permitting, owner’s costs and contingency, will be approximately US$200 million and initial production from open pit mining is expected in the fourth quarter of 2008.

3. PALMAREJO SILVER-GOLD PROJECT (INCLUDING TROGAN) 
GOLD AND SILVER EXPLORATION 
TEMORIS, CHIHUAHUA, MEXICO 
(PLANET GOLD SA DE CV)

The Company has, through its Mexican subsidiary company, Planet Gold SA de CV ('Planet Gold'), entered into acquisition agreements over a number of tenements, acquired a number of tenements and has applied for a number of exploration licences which all collectively comprise the Palmarejo Project and surrounding Trogan licence area. The Palmarejo project and Trogan licence area are located some 15 kilometres northwest of the town of Temoris in Chihuahua State, Mexico and extend some 16 kilometres from Tres de Mayo in the south-southeast to beyond Palmarejo in the north-northwest.

Planet Gold is owned 100% by Palmarejo Silver and Gold Corporation, a Canadian TSX Venture Exchange listed corporation which is approximately 74% owned by and controlled by the Company.

As shown in the map below, the Palmarejo project and Trogan licence area contain a number of mineralised properties of interest which are under investigation by the Company. The most important of these to date is the Palmarejo Project in the Chinipas municipality in the far north of the area of interest which covers the old Palmarejo gold-silver mine based on the La Prieta and La Blanca gold-silver bearing structures.

In addition to the Palmarejo project, satellite imagery interpretation, reconnaissance alteration mapping with a short wave infrared spectrometer and geological mapping has identified mineralised vein and alteration systems in the Trogan licence area located on four other strongly mineralised corridors including:

- the Guadalupe-Las Animas trend;
- Todos Santos-La Patria-La Virginia-Maclueva;
- the Guerra al Tirano trends; and
- the Los Hundidos trend.

Most activity to date has been carried out at Guadalupe-Las Animas and at Todos Santos-La Patria-La Virginia-Maclueva.
3.1 PALMAREJO PROJECT DEVELOPMENT

In summary:

- Mining shovels, trucks and drill rigs have arrived in Chihuahua.
- Carbon-in-leach, intensive leach, solution and detox tanks erected.
- Transportation of structural steel work to site has commenced.
- Cutting and flanging of mills sections completed.
- Pells, Sullivan and Meynink completed evaluation of mine waste rock dump.
- Concrete work at upper plant site for crusher foundations have commenced.

Engineering, Procurement, Design and Construction Management

Steel tank erection work at the lower plant site was well advanced by the end of the June 2007 quarter and
concrete foundation work at the upper plant site for the crushing plant has commenced. Upper plant site earthworks continued during the June 2007 quarter. Delays in the earthworks have been experienced due to the slow progress of the contractor. Work is ongoing to ensure that the work is completed.

Site work by the leach tank erection subcontractors was temporarily suspended in June 2007 due to safety and quality concerns. These issues are being addressed by the main contractor to enable work to recommence at the required level of safety and quality performance.

Site delivery of structural steel sections for the lower plant and thickeners commenced.

Purchase order commitments and expenditure totalled ~US$54.8 million at the end of June 2007 (excluding mining equipment). Additional orders placed during the quarter included those for EPCM, shipping, mill installation and various pumps and equipment.

Tenders for the pipe work, electrical and mechanical installation have been reviewed and interviews with bidders have commenced. Tenders are expected to be awarded during the current quarter.

The mill modification work in South Africa was successfully completed. The cut and flanged sections (to enable transportation of smaller mill shell sections to the site) underwent a successful trial assembly and the shell sections are ready for shipment to Mexico.

Infrastructure

Additional work on the upgrading of the 100 kilometre section of road between San Rafael and Palmarejo continued during the quarter. Long term maintenance work and solutions for long term surface stability are being evaluated.

An updated cost for the construction of the high-voltage power line has been completed with the Mexican electricity commission. The cost for the line is quoted at US$8.5 million, an increase of US$1.0 million from the 2005 quote.

Construction work for the 18 megawatt diesel power station has commenced and the generators are currently in Chihuahua.

Mining

Mine Design Associates (MDA) in Reno, Nevada have completed most elements of the mining study. Additional support work including a follow-up geotechnical review was completed during the June 2007 quarter to enable a mining reserve to be published.

Proposals for contract mining were received and these are being reviewed in line with mine planning work in conjunction with work being performed by Coeur d’Alene and its consultants.
The Company, through its Mexican subsidiary Planet Gold SA de CV, has entered into a US$30.6 million finance lease agreement with Caterpillar Credito, S.A. de C.V. (‘Caterpillar’), a Mexican subsidiary of the Caterpillar Group, for the supply of all mining equipment and the mobile fleet required for the Palmarejo project. The Company is currently waiting for receipt of the finance lease agreements to be executed by Caterpillar.

The Caterpillar finance lease represents 95% of the total cost of equipment and extends for a period of 5 years. The Company has paid the 5% balance of the capital cost of the equipment and delivery of some of the main components of the mining fleet, including some of the 5 out of 11 haul trucks, two shovels, bulldozers and drills, occurred during the June 2007 quarter.

3.2 PALMAREJO DRILLING AND ASSAY RESULTS

3.2.1 Summary

Drilling at the Palmarejo project during the June 2007 quarter was carried out with a single RC rig. The drilling has focused on testing the potential of nearby prospects at Palmarejo Norte and Cerro de Los Hilos Southeast. A short (limited by the capacity of the drill rig) six hole RC program was drilled along the southeastern margin of the Rosario clavo along the La Blanca structure to evaluate the potential of additional mineralisation between Rosario and 76 clavos.

The total number of holes drilled on the Palmarejo project is 568 RC holes, 119 core holes and 86 core continuations of RC pre-collars for 97,485 metres RC and 36,801 metres diamond core.

Some interesting assay results from drilling during the June 2007 quarter include the following intervals which are reported here as down hole intercepts. Details of the location of drill holes and assay results since the last quarterly report have been reported in full by the Company and are included on the Company’s website.

- PMDH656 6.10 metres @ 2.05 g/t Au and 500 g/t Ag (10.4 g/t AuEq)
- PMDH657 4.57 metres @ 4.40 g/t Au and 405 g/t Ag (11.2 g/t AuEq)
- PMDH658 7.62 metres @ 1.50 g/t Au and 218 g/t Ag (5.1 g/t AuEq)
- PMDH659 13.72 metres @ 0.80 g/t Au and 105 g/t Ag (2.6 g/t AuEq)
- PMDH661 10.67 metres @ 0.83 g/t Au and 93 g/t Ag (2.4 g/t AuEq)

Notes for all reported assay results:

- Assays have been calculated using a 1.0 g/t AuEq cut off, no top cut and a gold to silver price ratio of 1:60.
- QVBX = quartz vein breccia.
- Internal voids (historic underground workings) and have been excluded from the reported mineralised intervals.
- # = previously reported and included for completeness.
- Bulked intercepts are calculated by weight averaging the grades between the given depths and incorporating a maximum dilution of 2 metres internal waste at less than the 1.0 g/t AuEq cut-off.

3.2.2 Palmarejo Norte

Palmarejo Norte, located 1.0 kilometre north of Palmarejo, is the continuation of the main Palmarejo structure extending from the Rosario clavo where the La Blanca and La Prieta structures come together. Three RC holes (PMDH654, PMDH655 and PMDH 660) were drilled at Palmarejo Norte completing the seven hole program. The drilling intersected the main structure but did not encounter mineralised quartz. No further work is programmed at Palmarejo Norte at this time.
3.2.3 Rosario – La Blanca

Five RC holes were drilled between the proposed North (Rosario) and South (076/108 clavos) pits at Palmarejo. The holes were drilled to assess the potential for further resources along the La Blanca structure that could connect the Rosario and 076 clavos and possibly reduce the waste tonnes in the shoulder separating the two clavos.

The first three holes (PMDH657 to PMDH659) were drilled within an area of low grade inferred resource extrapolated at the southern margin of the Rosario pit. All three holes yielded high grade mineralisation over four to seven metres true width (e.g. PMDH656 intersected 2.05 g/t Au and 500 g/t Ag over 4.9 metres true width). The fourth and fifth holes (PMDH661 and PMDH662) were drilled below the limit of the inferred resource intersecting moderate widths of medium grade mineralisation (e.g. 10.7 metres @ 0.83 g/t Au and 93 g/t Ag in PMDH661) between Rosario and the 076 clavo.

These results suggest ore grade material may exist between Rosario and 076 requiring further investigation to evaluate their significance.

3.2.4 Cerro de Los Hilos Southeast

The Cerro de Los Hilos Southeast prospect is located along the southeastern extension of the Los Hundidos structure, 3.0 kilometres south of Palmarejo. The prospect is characterised by a strong colour oxidation and clay alteration zone.

The first two holes of a 10 hole, 2,000 metre program were completed in May 2007. SEDH001 intersected sulphide bearing veinlets in a rhyolite porphyry, interpreted to have intruded the Los Hundidos fault. These veinlets yielded low grade mineralisation (0.48 g/t Au and 71 g/t Ag) over a narrow interval (1.5 metres). The remaining holes in the program are currently being drilled with the objective of crossing the structure 150 metres beneath the barren clay alteration on surface. Results to date are incomplete but have not been particularly encouraging. The Los Hundidos structure has not been exhaustively tested as yet particularly in depth but is thought to be fairly deep in the epithermal profile.

3.3 TROGAN EXPLORATION PROJECTS

As noted above, in addition to the Palmarejo project, satellite imagery interpretation, reconnaissance alteration mapping with a short wave infrared spectrometer and geological mapping has identified mineralised vein and alteration systems in the Trogan licence area located on four other mineralised corridors including:

- the Guadalupe-Las Animas trend;
- Todos Santos-La Patria-La Virginia-Macluova;
- the Guerra al Tirano trends; and
- the Los Hundidos trend.

The first two of the above have returned the best results to date.

3.3.1 Guadalupe-Las Animas-Los Bancos

The Guadalupe project is located within the Trogan tenements, approximately 7.0 kilometres southeast of the Palmarejo project and incorporates the Las Animas, Guadalupe and Guadalupe Norte prospects.

The Guadalupe project consists of a series of northeast dipping quartz veins that have been traced for more than 1,500 metres along strike. There are three main prospects located along the Guadalupe structure known from north to south as Guadalupe Norte, Guadalupe and Las Animas. A fourth prospect, El Salto, has been identified by surface mapping as a link structure between Las Animas and Guadalupe. El Salto has only been tested by near surface drilling.
Since exploration drilling began at the Guadalupe-Las Animas project in June 2005, a total of 71 RC holes, and 84 diamond core holes and 8 diamond core continuations have been drilled for 15,821 RC metres and 29,545 diamond core metres.

During the June 2007 quarter, three high grade clavos (G1, G2 and G3), defined by the 50 gram metre AuEq accumulation contour, were identified between Guadalupe and Guadalupe Norte (see attached long section). The top of the well mineralised part of the epithermal profile occurs at 1,300 metres elevation, up to 300 metres below the surface at Guadalupe Norte. The top of the profile is only 100 metres below surface at Las Animas where the topographic surface is 100 to 200 metres lower than that at Guadalupe Norte. The clavos have been drilled to the 1,100 metre level and remain open at depth.

RC and core drilling resumed in May at the Las Animas prospect along the southern extension of the Guadalupe structure. In addition, two core rigs have continued exploring the extents of high grade mineralisation encountered between Guadalupe and Guadalupe Norte.

Some of the impressive assay results from drilling at the Guadalupe project during the June 2007 quarter include the following intervals which are reported here as down hole intercepts. Details of the location of drill holes and assay results since the last quarterly report have been reported in full by the Company and are included on the Company’s website.

- **TGDH102D** 5.50 metres @ 0.48 g/t Au and 92 g/t Ag (2.0 g/t AuEq) and 11.00 metres @ 0.84 g/t Au and 65 g/t Ag (1.9 g/t AuEq) and 19.00 metres @ 0.82 g/t Au and 47 g/t Ag (1.6 g/t AuEq)
- **TGDH118D** 15.00 metres @ 0.80 g/t Au and 74 g/t Ag (2.0 g/t AuEq)
- **TGDH119D** 22.50 metres @ 1.40 g/t Au and 243 g/t Ag (5.5 g/t AuEq) including 8.50 metres @ 2.86 g/t Au and 527 g/t Ag (11.6 g/t AuEq) and 8.00 metres @ 1.23 g/t Au and 72 g/t Ag (2.4 g/t AuEq)
- **TGDH120D** 9.50 metres @ 2.37 g/t Au and 174 g/t Ag (5.3 g/t AuEq) and 1.00 metre @ 2.76 g/t Au and 900 g/t Ag (17.8 g/t AuEq)
- **TGDH121D** 11.50 metres @ 3.18 g/t Au and 299 g/t Ag (8.2 g/t AuEq)
- **TGDH122D** 9.08 metres @ 2.73 g/t Au and 339 g/t Ag (8.4 g/t AuEq) and 21.00 metres @ 4.59 g/t Au and 221 g/t Ag (8.3 g/t AuEq)
- **TGDH123D** 7.07 metres @ 0.84 g/t Au and 115 g/t Ag (2.8 g/t AuEq)
- **TGDH124D** 5.00 metres @ 4.76 g/t Au and 236 g/t Ag (8.7 g/t AuEq) including 2.00 metres @ 11.15 g/t Au and 542 g/t Ag (20.2 g/t AuEq)
- **TGDH126** 7.62 metres @ 2.88 g/t Au and 694 g/t Ag (14.5 g/t AuEq)
- **TGDH127** 10.66 metres @ 0.44 g/t Au and 91 g/t Ag (2.0 g/t AuEq)
- **TGDH129** 25.91 metres @ 1.91 g/t Au and 204 g/t Ag (5.3 g/t AuEq) and 15.24 metres @ 1.66 g/t Au and 173 g/t Ag (4.5 g/t AuEq)
- **TGDH130** 12.19 metres @ 0.95 g/t Au and 131 g/t Ag (3.1 g/t AuEq) and 10.67 metres 2.23 g/t Au and 148 g/t Ag (4.7 g/t AuEq)
- **TGDH131** 9.14 metres @ 0.79 g/t Au and 142 g/t Ag (3.2 g/t AuEq)
- **TGDH132D** 9.00 metres @ 1.41 g/t Au and 30 g/t Ag (1.9 g/t AuEq)
- **TGDH135D** 8.00 metres @ 1.04 g/t Au and 40 g/t Ag (1.7 g/t AuEq) and 4.50 metres @ 10.61 g/t Au and 48 g/t Ag (11.4 g/t AuEq)
- **TGDH137** 3.05 metres @ 2.06 g/t Au and 112 g/t Ag (3.9 g/t AuEq)
- **TGDH139** 9.14 metres @ 0.34 g/t Au and 47 g/t Ag (1.1 g/t AuEq) and 12.19 metres @ 1.33 g/t Au and 67 g/t Ag (2.5 g/t AuEq)

Drilling during the June quarter focused below and/or along strike of drill holes included in the October 2006 resource model. Holes TGDH120D, TGDH121D, TGDH123D and TGDH125D infilled around the historical Guadalupe workings whereas TGDH126 and TGDH138D attempted to define the upper limits of high grade mineralisation at Las Animas and the G3 clavo, respectively.
Holes TGDH119D intersected the G2 clavo at Guadalupe Norte down dip and northwest of previous holes TGDH065D (29.00 metres @ 2.96 g/t Au and 279 g/t Ag) and TGDH109D (12.00 metres @ 2.39 g/t Au and 189 g/t Ag). TGDH122D tested the G2 clavo along strike of TGDH119D and intersected 2.73 g/t Au and 339 g/t Ag over 7.9 metres (true width) in the main Guadalupe vein. A new, 18.2 metre wide (true width) footwall structure yielded 4.59 g/t Au and 221 g/t Ag deeper in the hole.

Nine RC and three core holes have been drilled at Las Animas since drilling resumed at this prospect in May 2007. Most of the drilling has targeted the extension of the Las Animas clavo southeast of the wide, high grade intercept in hole TGDH035D (29.50 metres @ 2.98 g/t Au and 195 g/t Ag). Results for holes TGDH126, TGDH127, TGDH129, TGDH130 and TGDH131 all yielded wide, significantly mineralised intervals across the main Guadalupe vein and have expanded the Las Animas clavo down dip and to the southeast (see attached long section where highlighted intercepts are reported as metres of AuEq at a gold to silver price ratio of 1:60).

The attached long section highlights the intercepts reported from drilling during the June 2007 quarter. Hole TGDH135D was drilled deep at Las Animas and extends the clavo down dip of the significant intercept in hole TGDH129 (25.91 metres @ 1.91 g/t Au and 204 g/t Ag). Holes TGDH137 and TGDH139 were drilled along the northern margins of the Las Animas clavo intersecting low to medium grade mineralisation over true widths of 2.0 metres and 9.99 metres. Hole TGDH132D was drilled down dip of TGDH118D (15.00 metres @ 0.80 g/t Au and 74 g/t Ag) beneath the main Guadalupe workings.

Holes TGDH150 and TGDH152 are not shown on the long section as they were terminated short of target depth due heavy water inflow and inability to sample RC cuttings dry.

In the long section herein, the gap, which lies directly below El Salto, between the Las Animas and Guadalupe clavos has recently become accessible for drilling after lengthy negotiations were completed with the farmer and the ejido to acquire the surface rights and improvements. This ground between the clavos is expected to carry strong mineralisation. Much of our earlier drilling at Las Animas and Guadalupe had not been sufficiently deep in the epithermal profile.

### 3.3.2 Los Bancos

The Los Bancos prospect, located 5.0 kilometres southeast of Palmarejo, consists of a series of clay-rich, southwest dipping faults that can be traced for >500 metres along strike. Subvertical to northeast dipping faults with clay and iron oxide alteration are exposed 400 metres to the east.

The southern extremity of the Los Bancos prospect and clay blooms lies some 500 metres north of the northernmost part of Guadalupe. The surface alteration and geochemical characteristics are similar to those exposed above the blind 076 clavo at Palmarejo.

The topographic elevation at Los Bancos is approximately 300 to 350 metres higher than the top of the high grade 076 clavo suggesting preservation of the very top of the epithermal profile at Los Bancos. Low temperature clay alteration associations (illite-smectite-kaolinite) and anomalous pathfinder element geochemistry (silver, arsenic, and antimony) are consistent with a high level in the epithermal profile.

RC drilling commenced recently at Los Bancos targeting mineralised vein quartz beneath the barren clay alteration cap. The first three holes (LBDH001 to LBDH003) were drilled on the same section in the central part of the prospect with holes LBDH002 and LBDH003 intersecting a quartz filled structure up to 5.0 metres wide (true width).

The initial intersections are very encouraging and analogous to the shallow drilling across the top of the 076 clavo which is silver rich at the top and becomes progressively more gold rich (relative to silver) towards the bottom. Results are awaited for the first three holes as the RC rig starts the second of three sections in the first phase of drilling programmed at Los Bancos.
### 3.3.3 Todos Santos-La Patria-La Virginia-Maclovia

The La Patria-La Virginia-Maclovia section of Todos Santos to Maclovia mineralised corridor (‘La Patria’) structure is a 1.7 kilometre section of the >4 kilometre long Todos Santos to Maclovia mineralised corridor located 6.5 kilometres south-southeast of the Palmarejo project and 4 kilometres southwest of the Guadalupe project.

Since exploration drilling began at the La Patria project in early 2006, a total of 78 RC holes and 43 diamond core holes have been drilled for 13,853 RC metres and 22,210 diamond core metres.

Some of the impressive assay results from drilling at the La Virginia section of the La Patria project during the June 2007 quarter include the following intervals which are reported here as down hole intercepts. Details of the location of drill holes and assay results since the last quarterly report have been reported in full by the Company and are included on the Company’s website.
Most of the drilling during the June 2007 quarter was completed at the La Virginia (e.g. LPDH106D) and Maclovia (e.g. LPDH103 and LPDH109) prospects testing down dip extensions of mineralised zones beneath old workings. A single hole, LPDH117D, was drilled beneath the main La Patria clavo intersecting 4.29 g/t Au and 264 g/t Ag over a 3.2 metre true width. This hole suggests the La Patria clavo remains open at depth.

The following long section of the La Patria-La Virginia-Maclovia trend shows the distribution of the holes reported above. In the long section, the clavo boundaries are defined by 20 gram AuEq metre accumulation contours (using a gold to silver price ratio of 1:60). The dashed line represents the lower limit of the January 2007 resource model.

An update to the January 2007 La Patria resource will commence following completion of the new Guadalupe resource estimate which is currently underway and due for completion early in the next quarter.

The La Patria-La Virginia-Maclovia drilling has been completed for the time being. Both the Prospector RC and LY38 diamond core drills were relocated to Guadalupe in June to allow the Company to focus its efforts on extending and infilling the impressive Guadalupe resource and to commence testing of the Los Bancos prospect north of Guadalupe.
4. **YECORA PROJECT**  
**GOLD AND SILVER EXPLORATION (BOLNISI OPTIONS TO ACQUIRE 100%)**  
**SONORA, MEXICO**  
**(DARB AZI SA DE CV)**

The Company has, through its wholly owned Mexican subsidiary, Darbazi SA de CV, entered into an acquisition agreement with a local miner over 4 tenements covering 217 hectares and has received titles for another 11 exploration tenements from the Sonora Mines Department including an all encompassing claim, known as Guacamaya, covering 8,085 hectares. Collectively known as the Yecora Project, these tenements which cover approximately 8,302 hectares are located in the east of the state of Sonora, Mexico close to the Chihuahua state border and the Federal Highway connecting Hermosillo to Chihuahua.

Guacamaya surrounds the 16 kilometres of NNW striking structures that host the San Francisco and Martha deposits. Two tenements surrounding the San Francisco and Martha tenements are not controlled by the Company.

No field work was undertaken this quarter. Drilling will be undertaken later in 2007 if landowner agreements are finalised.

5. **EL REALITO PROJECT**  
**GOLD AND SILVER EXPLORATION (BOLNISI OPTIONS TO ACQUIRE 100%)**  
**GUAZAPARES, CHIHUAHUA, MEXICO**  
**(WYALONG SA DE CV)**

The Company has, through its wholly owned Mexican subsidiary, Wyalong SA de CV, entered into two acquisition agreements over 9 tenements covering 641 hectares and has received titles for a further 5 tenements including an all encompassing claim, known as Septentrion, covering 7,472 hectares. Collectively known as the El Realito Project, these tenements which cover 8,113 hectares are located in the Artega mining district of the Guazapares Municipality, Chihuahua State, some 30 kilometres southeast of the Company’s Palmarejo Project.

Since exploration drilling began at the El Realito Project in November 2005, a total of 75 RC holes have been completed, including 24 holes in the initial RC program completed in 2005.

No field work was undertaken this quarter.

6. **OTHER**

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Kenneth M. Phillips, geologist of VOP Mining Services Pty Ltd and a Director of Bolnisi Gold NL, who is a Member of the Australasian Institute of Mining and Metallurgy. Kenneth M. Phillips has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Kenneth M. Phillips has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.

For further information, contact Norman Seckold or Peter Nightingale on (61-2) 92475300.

Yours sincerely

Peter J. Nightingale  
Director  
31 July 2007
## Appendix 1

### Coeur’s Proven Mineral Reserves (Year-end 2006)

<table>
<thead>
<tr>
<th>Property</th>
<th>Location</th>
<th>Short Tons (000s)</th>
<th>Grade (ounces/ton)</th>
<th>Ounces (000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Silver</td>
<td>Gold</td>
</tr>
<tr>
<td>Rochester</td>
<td>Nevada, USA</td>
<td>3,720</td>
<td>0.66</td>
<td>0.007</td>
</tr>
<tr>
<td>Cerro Bayo</td>
<td>Chile</td>
<td>375</td>
<td>10.41</td>
<td>0.20</td>
</tr>
<tr>
<td>Martha</td>
<td>Argentina</td>
<td>33</td>
<td>64.05</td>
<td>0.10</td>
</tr>
<tr>
<td>San Bartolome</td>
<td>Bolivia</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Kensington</td>
<td>Alaska, USA</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Endeavour</td>
<td>Australia</td>
<td>9,700</td>
<td>1.59</td>
<td>-</td>
</tr>
<tr>
<td>Broken Hill</td>
<td>Australia</td>
<td>10,064</td>
<td>1.46</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td><strong>23,892</strong></td>
<td></td>
<td><strong>38,524</strong></td>
</tr>
</tbody>
</table>

### Coeur’s Probable Mineral Reserves (Year-end 2006)

<table>
<thead>
<tr>
<th>Property</th>
<th>Location</th>
<th>Short Tons (000s)</th>
<th>Grade (ounces/ton)</th>
<th>Ounces (000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Silver</td>
<td>Gold</td>
</tr>
<tr>
<td>Rochester</td>
<td>Nevada, USA</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cerro Bayo</td>
<td>Chile</td>
<td>259</td>
<td>8.66</td>
<td>0.18</td>
</tr>
<tr>
<td>Martha</td>
<td>Argentina</td>
<td>66</td>
<td>59.97</td>
<td>0.08</td>
</tr>
<tr>
<td>San Bartolome</td>
<td>Bolivia</td>
<td>46,176</td>
<td>3.29</td>
<td>-</td>
</tr>
<tr>
<td>Kensington</td>
<td>Alaska, USA</td>
<td>4,419</td>
<td>-</td>
<td>0.31</td>
</tr>
<tr>
<td>Endeavour</td>
<td>Australia</td>
<td>11,684</td>
<td>1.42</td>
<td>-</td>
</tr>
<tr>
<td>Broken Hill</td>
<td>Australia</td>
<td>2,844</td>
<td>1.18</td>
<td>-</td>
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<tr>
<td><strong>Totals</strong></td>
<td></td>
<td><strong>65,448</strong></td>
<td></td>
<td><strong>178,021</strong></td>
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</tbody>
</table>

Mineral Reserves correspond to Ore Reserves per US SEC classification. Metal prices used to determine ore reserves were US$8.00/ounce Ag and US$475.00/ounce Au at Cerro Bayo, Martha and Rochester; US$10.00/ounce Ag at Endeavour; US$10.12/ounce Ag at Broken Hill; US$6.00/ounce Ag at San Bartolome; and US$550/ounce Au at Kensington. Endeavour and Broken Hill reserves are as of June 30, 2006.
<table>
<thead>
<tr>
<th>Property</th>
<th>Location</th>
<th>Short Tons (000s)</th>
<th>Grade (ounces/ton)</th>
<th>Ounces (000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Silver</td>
<td>Gold Silver</td>
</tr>
<tr>
<td>Rochester</td>
<td>Nevada, USA</td>
<td>12,304</td>
<td>0.94</td>
<td>0.01</td>
</tr>
<tr>
<td>Cerro Bayo</td>
<td>Chile</td>
<td>455</td>
<td>9.38</td>
<td>0.17</td>
</tr>
<tr>
<td>Martha</td>
<td>Argentina</td>
<td>19</td>
<td>39.44</td>
<td>0.06</td>
</tr>
<tr>
<td>San Bartolome</td>
<td>Bolivia</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Kensington</td>
<td>Alaska, USA</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Endeavour</td>
<td>Australia</td>
<td>3,748</td>
<td>3.00</td>
<td>-</td>
</tr>
<tr>
<td>Broken Hill</td>
<td>Australia</td>
<td>2,105</td>
<td>2.31</td>
<td>-</td>
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<tr>
<td><strong>Totals</strong></td>
<td></td>
<td><strong>18,631</strong></td>
<td><strong>32,733</strong></td>
<td><strong>164</strong></td>
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</table>

Coeur’s Indicated Mineral Resource (Year-end 2006)

<table>
<thead>
<tr>
<th>Property</th>
<th>Location</th>
<th>Short Tons (000s)</th>
<th>Grade (ounces/ton)</th>
<th>Ounces (000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Silver</td>
<td>Gold Silver</td>
</tr>
<tr>
<td>Rochester</td>
<td>Nevada, USA</td>
<td>2,931</td>
<td>0.92</td>
<td>0.01</td>
</tr>
<tr>
<td>Cerro Bayo</td>
<td>Chile</td>
<td>727</td>
<td>6.11</td>
<td>0.14</td>
</tr>
<tr>
<td>Martha</td>
<td>Argentina</td>
<td>31</td>
<td>39.24</td>
<td>0.06</td>
</tr>
<tr>
<td>San Bartolome</td>
<td>Bolivia</td>
<td>70</td>
<td>2.29</td>
<td>-</td>
</tr>
<tr>
<td>Kensington</td>
<td>Alaska, USA</td>
<td>3,136</td>
<td>-</td>
<td>0.20</td>
</tr>
<tr>
<td>Endeavour</td>
<td>Australia</td>
<td>4,519</td>
<td>3.12</td>
<td>-</td>
</tr>
<tr>
<td>Broken Hill</td>
<td>Australia</td>
<td>1,510</td>
<td>1.96</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td><strong>12,924</strong></td>
<td><strong>25,573</strong></td>
<td><strong>746</strong></td>
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Coeur’s Inferred Mineral Resource (Year-end 2006)

<table>
<thead>
<tr>
<th>Property</th>
<th>Location</th>
<th>Short Tons (000s)</th>
<th>Grade (ounces/ton)</th>
<th>Ounces (000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Silver</td>
<td>Gold Silver</td>
</tr>
<tr>
<td>Rochester</td>
<td>Nevada, USA</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cerro Bayo</td>
<td>Chile</td>
<td>1,328</td>
<td>9.00</td>
<td>0.16</td>
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<tr>
<td>Martha</td>
<td>Argentina</td>
<td>63</td>
<td>45.76</td>
<td>0.05</td>
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<tr>
<td>San Bartolome</td>
<td>Bolivia</td>
<td>1,096</td>
<td>3.52</td>
<td>-</td>
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<tr>
<td>Kensington</td>
<td>Alaska, USA</td>
<td>1,184</td>
<td>-</td>
<td>0.21</td>
</tr>
<tr>
<td>Endeavour</td>
<td>Australia</td>
<td>1,102</td>
<td>2.51</td>
<td>-</td>
</tr>
<tr>
<td>Broken Hill</td>
<td>Australia</td>
<td>7,256</td>
<td>4.64</td>
<td>-</td>
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<tr>
<td><strong>Totals</strong></td>
<td></td>
<td><strong>12,028</strong></td>
<td><strong>55,109</strong></td>
<td><strong>453</strong></td>
</tr>
</tbody>
</table>

Mineral resources correspond to mineralised material per US SEC guidelines. Mineral resources are in addition to mineral reserves and have not demonstrated economic viability.
<table>
<thead>
<tr>
<th>Mineral Resource Category</th>
<th>Tonnes (millions)</th>
<th>Au (g/t)</th>
<th>Ag (g/t)</th>
<th>Au (Oz)</th>
<th>Ag (Moz)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Palmarejo</strong>¹</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measured</td>
<td>5.4</td>
<td>2.22</td>
<td>200</td>
<td>384,000</td>
<td>34.6</td>
</tr>
<tr>
<td>Indicated</td>
<td>9.1</td>
<td>2.00</td>
<td>186</td>
<td>587,000</td>
<td>54.66</td>
</tr>
<tr>
<td>Inferred</td>
<td>4.0</td>
<td>1.31</td>
<td>138</td>
<td>169,000</td>
<td>17.93</td>
</tr>
<tr>
<td><strong>Guadalupe</strong>²</td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Inferred</td>
<td>5.7</td>
<td>0.83</td>
<td>106</td>
<td>155,000</td>
<td>19.57</td>
</tr>
<tr>
<td><strong>La Patria</strong>³</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inferred</td>
<td>3.6</td>
<td>1.49</td>
<td>35</td>
<td>171,000</td>
<td>4.03</td>
</tr>
</tbody>
</table>

**Notes:**

1. Source: Palmarejo Updated Resource Statement – 24 October 2006 - A 0.8 g/t AuEq cutoff has been applied to Palmarejo - only those blocks with higher interpolated grade than these cutoffs have been included in the mineral resource statement above. Gold equivalent grades and ounces were calculated using a gold to silver ratio of 1:55 based on recent gold to silver ratios and projected metallurgical recoveries.

2. Source: Palmarejo Initial Resource Statement for Guadalupe – 24 October 2006 – A 0.8 g/t AuEq cutoff has been applied to Guadalupe above 1300 m elevation. A 3.0 g/t AuEq cutoff has been applied to Guadalupe below 1300 m elevation. Only those blocks with higher interpolated grade than this cutoff have been included in the mineral resource statement above. Gold equivalent grades and ounces were calculated using a gold to silver ratio of 1:55 based on recent gold to silver ratios and projected metallurgical recoveries.

3. Source: Palmarejo Initial Resource Statement for the La Patria Project – 16 January 2007 – A 0.8 g/t AuEq cut-off has been applied to the La Patria resource estimate. Only those blocks with higher interpolated grade than this cut-off have been included in the mineral resource statement above. Gold equivalent grades and ounces were calculated using a gold to silver ratio of 1:55 based on recent gold to silver ratios and projected metallurgical recoveries.