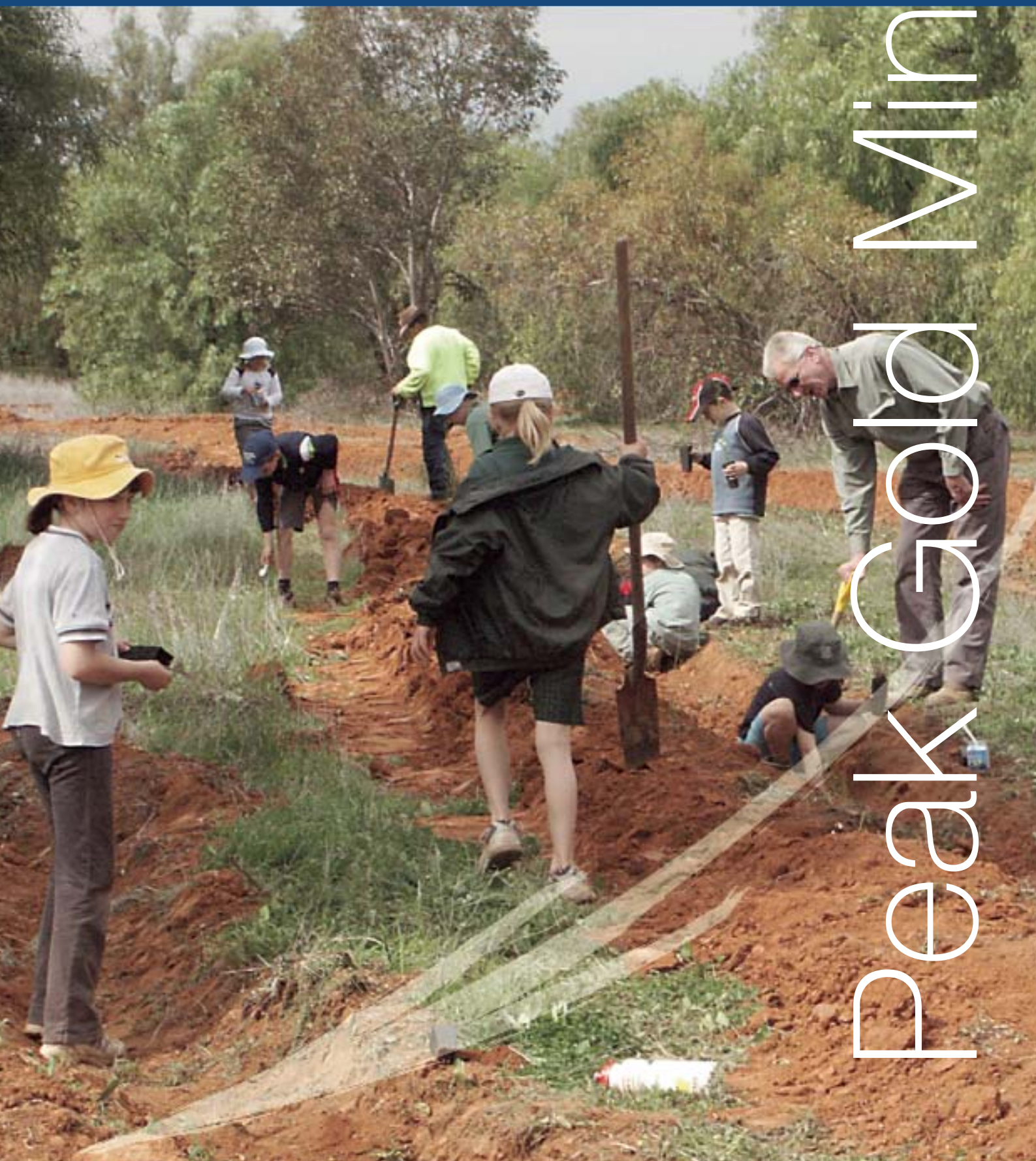
PEAK GOLDMINES

2005 Sustainability Report



Peak Gold Mines

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Mine General Manager's Introduction

Welcome to Peak Gold Mines' (PGM) fourth Sustainability Report. Sustainability to us means achieving a balance of economic prosperity, environmental responsibility and community support. Our vision is to continue to develop a safe, profitable and sustainable mining operation in the Cobar district for the benefit of all our stakeholders.

In April 2005 Wheaton River Minerals (our parent company) completed a merger with Goldcorp Inc, another Canadian mining enterprise. Goldcorp is the world's lowest cost and fastest growing gold producer with operations throughout the Americas and Australia. Goldcorp expects to produce more than 2 million ounces of gold in 2006 at a cash cost of approximately US$150 per ounce. This would make Goldcorp the third largest gold producer in North America. Being part of a global mining enterprise brings many benefits including increased purchasing power and thus lower costs; technology, knowledge and skills transfer; and greater employment opportunities for all employees. Already we have seen this with the transfer of some Peak personnel to other mines in Goldcorp's global operations.

2005 was a year of upgrading, improving and expanding the operation, all of which are essential for our continuing operation in the future. Major improvements included the commencement of underground mining at New Cobar, upgrading the mill, replacement of mobile equipment and successful resource drilling.

The New Cobar underground mine places us in a strong strategic position with sources of ore from two mines rather than one. The project was successfully completed on time and under budget in September 2005. In addition to helping secure the operation, the development of New Cobar has created more than 30 new jobs and provided additional economic benefits to the Cobar region.

The inclusion of New Cobar and Chesney orebodies in the life of mine plan will result in continuing economic prosperity and sustained operations in the Cobar district for at least another nine years. Consequently, the mill has been steadily upgraded to improve throughput, lift recoveries and combat corrosion.

The mine has completed an extensive program of rebuilding and replacement of its mobile fleet and is now well placed to cope with the longer haul distances from New Cobar and from the Peak operation as mining progresses to deeper levels. The new fleet will also be more reliable and help keep maintenance costs under control.

The Exploration Department completed a drill program of over 60,000 metres, which resulted in an upgrade of resources in and around the Peak leases and an extension to the mine life to 2014.

Peak, like all resource companies operating in the global market, experienced higher raw material costs and a tight labour market in 2005. We continued to provide skills and safety training to our employees and contractors to overcome these difficulties and provide a multi-skilled workforce. To ensure we have the required skills and expertise to carry out efficient operations, the graduate and apprenticeship program continued throughout 2005.

The major focus for our safety performance was to reduce the number of medically treated injuries. I am pleased to say that our medically treated injury frequency rate fell from 12.79 in 2004 to 8.75 in 2005, a 23% reduction year on year. This is a very pleasing trend which we hope will continue in 2006 with our continuing strong focus on all safety issues.

Water management remains a key priority and we continue to promote the efficient use of water as the Cobar region continues to suffer drought conditions. The site's water storage capacity has been considerably increased with the cleanout of some 77,000 tonnes of silt from the old process water dam. This additional capacity can be used for milling or mining operations and thus reduce our usage of town water. The old water tank at New Cobar was also recommissioned and connected to the raw water system. As a result, dewatering from the old workings at New Cobar can now be stored and re-used for mining activities.

Our focus and goals for 2006 will be to continue rehabilitation of the Occidental historic site, developing trial vegetation plots for rehabilitation of the tailing facility and continuing the rehabilitation of the New Cobar waste dumps.

We have made solid progress in the general clean up of the mine site and I intend to continue this good work with a site improvement program that will be rolled out in 2006. This will focus on storage systems, process water containment, drainage, copper concentrate storage and dust control.

I hope you find this report informative. We welcome your comments on our efforts to date and suggestions for future reporting. We encourage you to contact us at the mine office by phone, mail or email.

Jim Simpson
Mine General Manager

Introduction

Our Performance

Financial Performance

Peak Gold Mines recorded earnings before interest and tax of A$21.7M in 2005, resulting from the sale of 131,120 ounces of gold and 12,225 tonnes of copper concentrate. The US$ gold price improved further in 2005 and at year-end was trading above US$510 an ounce. Gold has continued to strengthen from lows in 2000 and is now trading at 8 year highs, which augurs well for the future of the Peak operation.

In 2005, A$14.7M was invested in mine development and A$2.3M in exploration activities, in line with Peak's vision of further developing current and potential ore bodies.

Production Performance

Mining

Underground mining operations produced 533,192 tonnes of ore including 38,745 tonnes of ore from New Cobar. The development of underground mining at New Cobar was successfully completed on time and under budget in September 2005. The New Cobar underground mine places us in a strong strategic position, with sources of ore now available from two mines rather than one. In addition to helping secure the operation, the development of New Cobar has created more than 30 new jobs and provided additional economic benefits for the Cobar region.

Processing

In 2005, Peak achieved record mill throughput of 672,672 tonnes of ore to produce 133,412 ounces of gold and 2,546 tonnes of copper. Production of both gold and copper was slightly lower than 2004, resulting from lower grades of ore treated.

Improvements in the processing circuits resulted in higher plant throughput and recoveries of precious metals. In 2005 these improvements included:

- Optimisation of the grind size by adjusting mill-operating parameters and media charging schedules, and increased operator focus.
- Increasing the capacity of the cyclone feed pump motor and trash screen.
- Refurbishment of a copper flotation column to improve copper grades and recoveries.
- Installation of an Intense Leach Reactor to improve gold production.

A program is also in place to improve the operational focus of all aspects of the plant in order to enhance performance.

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Table 1: Production Performance

	2005	2004	2003
Ore mined open-pit (tonnes)	750	45,681	551,000
Ore mined underground - Peak (tonnes)	494,447	527,967	499,000
Ore mined underground - New Cobar (tonnes)	38,745	–	–
Ore milled (tonnes)	672,672*	663,441	637,000
Average gold grade (g/t)	6.97	7.4	6.4
Gold produced (ounces)	133,412	142,703	112,503
Copper produced (tonnes)	2,546	3,038	1,590

** Includes 14,749 tonnes of Mt Boppy ore which was toll treated in 2005.*

Environment, Safety and Health Performance

As part of Goldcorp's commitment to regularly audit its operations worldwide, Goldcorp's Environmental Director and an Environmental Superintendent from its Mexican operations conducted an environmental audit of PGM's operations in 2005. At the time of writing this report, the formal audit results had not been received, however no critical or high-ranked issues were identified during the audit process. An independent external audit will be conducted in 2006 to ensure PGM's operations comply with our relevant lease, licence and consent conditions and the next internal environmental audit will be conducted in 2007.

To ensure mining does not cause undue detriment to the environment, large scale mining operations worldwide are required to submit annual reports to government authorities outlining management systems that they have in place, as well as providing details of disturbed land, environmental incidents, rehabilitation activities and environmental monitoring of mine impacts.

Once the report has been reviewed, the regulatory authority undertakes a site visit to ensure activities are being conducted in accordance with all relevant licence, lease and consent conditions. In 2005, the NSW Department of Primary Industries (DPI), the Environmental Protection Authority (EPA) and Cobar Shire Council (CSC) conducted such a review focusing on both the Peak and New Cobar operations. During the review, PGM's continued improvements in water management were acknowledged and an inspection of the tailing trial plots and New Cobar waste rock dump rehabilitation was conducted. The DPI, EPA and CSC accepted PGM's submitted reports and, overall, the review was positive.

Management of our Environment, Health and Safety issues and activities is governed by Peak's EH&S Management System. This system uses Australian standards and legislation as a guide to provide a resource to our business units for day-to-day operations. Peak's management team reviewed the system during 2005 and this was followed by consultation with employees.

A number of improvements were made to the System following the review, one of which was the centralisation of all risk assessments. As a result, business units are now able to access site-wide risk assessments resulting in increased efficiency.

Some of the Environment, Health and Safety Highlights for 2005 include:

- External audit of PGM's fixed fire suppressant systems and an internal review of PGM's self-rescuers to ensure all are fit for service.
- PGM represented on Cobar's Local Emergency Meeting Committee.
- Successful vegetation establishment within the trial area at the New Cobar waste rock dump.
- Continued development of community relations by hosting a community open day and community consultation meeting.
- Commencement of a Graduate Safety Professional program, where a graduate is given the opportunity to gain experience in the areas of safety support, workplace training, security and emergency services.

Figure 1: Safety Performance (LTIFR per 200,000 hours worked)

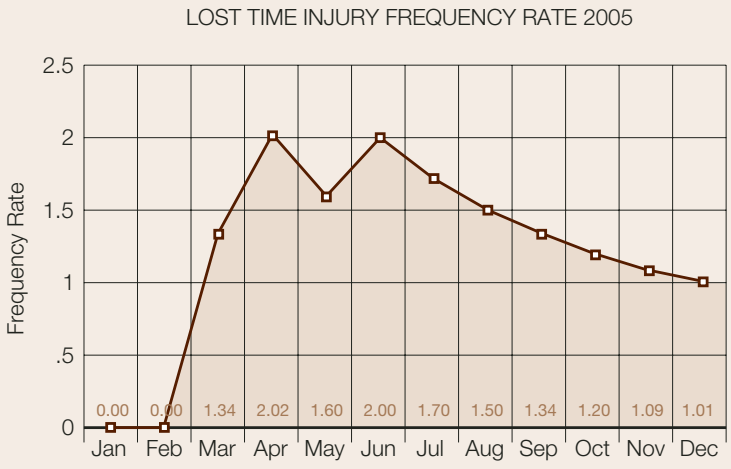


Table 2: Environmental Health and Safety Summary

	2005	2004	2003
First Aid Minor Work Injuries	49	32	26
External Medical Treatment Injuries	18	18	15
Restricted Work Day Injuries	5	8	5
Lost Day Injuries	3	2	4
Lost Time Injury Frequency Rate	1.01	0.76	1.39
All Injury Frequency Rate	8.7	10.7	27.4
Environmental Non-Compliance Incidents	3	0	1
Environmental Complaints	4	4	7

Our People

People at Peak

Ensuring adequate training is provided to all employees is vital to maintaining PGM's multi-skilled workforce. During 2005, a variety of training programs were made available to all employees that ranged from driving awareness, computer skills courses, and training in hazard recognition and control. Specific training programs were also presented to each department, designed to meet their particular needs.These included electrical safety, isolation refresher and hydraulic safety for the Maintenance Department and fire fighting theory and site assessment and rehabilitation for the Geology Department. Courses provided for the Mining and Metallurgy Departments were aimed at assisting personnel to obtain their Certificate 2 and 3 in Metalliferous Mining. During 2005, several underground personnel successfully achieved this with a number of additional personnel expected to complete their requirements in 2006.

Peak, like all resource companies operating in the global market, experienced higher raw material costs and a tightening labour market in 2005. The company's training to increase efficiencies and improve the skills base of its workforce is helping to overcome these difficulties and provide a multi-skilled workforce. This not only benefits the individual but also increases the competitiveness of Australian industry.

Protecting our People

During 2005, PGM commenced a program of updating its security systems, following an internal audit conducted in 2004. The program includes upgrading the video and electronic surveillance systems utilising state-of-the-art digital technology and providing training to PGM's security officers to enable them to obtain their Certificate II in Security Operations. Security at the New Cobar site was also upgraded and incorporated into PGM's system.

Fitness for Work

As part of its commitment to ensuring the safety and welfare of our employees, PGM has in place a ***Fitness for Work*** Policy and Standard. These were reviewed in 2004 and resulted in the incorporation of a new Drug and Alcohol Policy. The D & A policy was reviewed in 2005 to determine its effectiveness and functionality after 12 months of implementation. The review was conducted by PGM's cross-functional review committee, made up of employees from all departments, and resulted in a few minor amendments to the policy. Continual reviews of the Fitness for Work Policy and Standard will ensure that we continue to provide a safe workplace for all our people.

Mines Rescue

PGM continued to develop the capability of its rescue team during 2005 with the recruitment of several new team members and the purchase of new equipment. A number of training programs were held throughout the year to improve the team's expertise in different areas. One such program was an intensive course focused on rope rescue, haulage and patient recovery techniques. Four members completed this course and were then certified as vertical rope rescue technicians. A small group of rescue members also attended a specialist open circuit breathing apparatus course run by the Lithgow mine rescue service.

Members of the mine rescue team also competed in a First Aid Challenge held at North Parkes Mine during 2005. The Challenge was aimed at determining a team's effectiveness in treating several casualties following an accident, their response time and overall care of the casualties. PGM's rescue team performed well and was placed 4th overall.

During 2005, PGM signed a 'Memorandum of Understanding' with the NSW Rural Fire Service (RFS) that allows our rescue unit to utilise the RFS paging network. This provides greater coverage over the district and, coupled with PGM's SMS notification program, means that a faster response time to emergency situations can be achieved.

Figure 2: Employee and Contractor Numbers

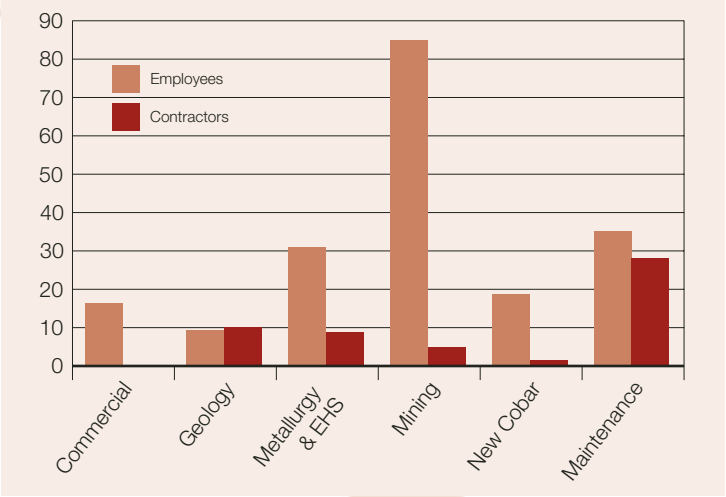


Table 3: Health Monitoring Programs in 2005

	2005	2004
Drug tests	1,108	285
Alcohol tests	5,387	1,104
Medicals	132	185
Blood tests	66	132
X-rays	66	131
Hydration tests	167	19
Functional assessments	72	58

Our Community

At PGM we believe in developing and maintaining a relationship built on respect with the wider Cobar community. As part of this development, PGM seeks to support a large range of local organisations by providing support in the form of monetary donations as well as in-kind support wherever possible.

Economic Contribution

Peak Gold Mines endeavours to use local suppliers and contractors for goods and services wherever possible. During 2005, Peak Gold Mines' total operating expenditure was A$82.5M, including salaries and wages of A$16.7M and royalties of A$2.7M. The majority of the funds were expended locally (see Figures 3 and 4).

Peak in the Community – Open Day

Peak Gold Mines held its first community Open Day in April 2005. The day was held to provide the opportunity for members of the Cobar community to see how a modern-day mine operated. The day was also used to showcase the mine's environmental protection measures, to demonstrate the mine's commitment to the health and safety of its employees and to highlight the importance of the operation to the local community. Although Cobar is considered to be a mining community, a large number of residents had never visited an operating mine site and had never been given the opportunity to see where their family members and relatives worked.

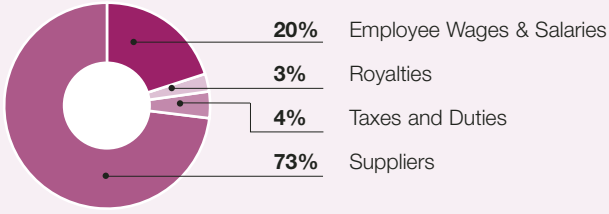
The day consisted of a number of tours including mining, processing and waste handling, information displays, activities for children and a barbeque. More than 300 locals attended the day which was considered a great success from feedback received.

Conservation Day

Following the successful Conservation Day held in 2004, environmental staff from each of the local mines at Cobar (Endeavor, Cobar Mines, Tritton and Peak) organised another Conservation Day for students from the local primary schools. The objectives of this day were to enhance the natural habitat in an area frequented by many community members and to raise the level of environmental awareness in young school children.

Figure 3: Expenditure by Location – 2005

Figure 4: Distribution of PGM Operating Costs



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Community

The previous year's program was expanded to include more activities and involve more community groups and businesses. Representatives from each of the mines assisted in the activities and also provided monetary support. Some 150 students participated with five different activities scheduled during the day:

- A Water Watch Activity – where students examined the different aquatic insects living within the local Newey Reservoir, with members from the Department of Infrastructure, Planning and Natural Resources and the Western Catchment Management Authority discussing the importance of keeping water clean so that aquatic ecosystems would not be adversely affected.
- A Wildlife Watch Session – where binoculars and viewing scopes were used to watch how different birds were utilising different habitats. National Parks and Wildlife officers explained these interactions and the impacts feral animals have on native wildlife populations.
- A Habitat Restoration Activity – students were given the opportunity to plant native trees and shrubs to improve habitat quality of the area. Members from Cobar Shire Council assisted the students in planting the trees and outlining the importance of creating habitats for local wildlife.
- Capture and Release Activity – students were shown how to catch yabbies while also learning about the annual release of fingerlings into the reservoir and their importance within the reservoir ecosystem.
- Art Session – students were given the opportunity to help the Cobar Arts Council create a river ecosystem mural on the amenities block.

Community Consultation

In line with PGM's commitment to actively inform and engage the Cobar community about our progress and plans for the future, a community meeting was held in March 2005. Although attendance was lower than in 2004, representatives from a number of local businesses and community organisations were present and provided encouraging feedback.

The formal part of the meeting was followed by a discussion session, where members of the community were encouraged to raise any issues they had with PGM's operations, and ask any questions. Good discussion was generated with the main issues raised relating to:

- The historic Towser's Huts, located at the New Cobar mine site. Questions were asked about the condition of these huts and the historical significance of the site.
- The viewing platform overlooking New Cobar and the Cobar township. Participants enquired when this would be reopened to the community.
- The Salty (water storage dam) located across from the old Great Cobar workings. Suggestions on how this area could be improved to enhance one of the main entrances into Cobar were discussed.
- Recycling of water from the historic Chesney workings. Questions were asked about the possibility of recycling this water to supplement the town's water supply.

PGM will continue to hold these formal consultation meetings to actively seek the views of the Cobar community and other interested stakeholders. We will try to ensure their concerns and expectations are considered and implemented wherever possible.

Viewing Platform

Fort Bourke Hill has historically been the best vantage point to view Cobar and has been a popular look-out for local residents. However, with the development of the New Cobar Mine in 2000, there was the possibility that access to this site would be restricted. As part of the mine approval stage, PGM elected to construct a viewing platform that would enhance the vantage point and also enable members of the community to follow the progress of the mine's development.

During 2004, due to public liability concerns raised by the state government, public access to the lookout was closed. However, PGM worked with the Cobar Shire Council to allow supervised access to the lookout until the liability and technical issues were resolved. This was completed in late 2005, and public access to the site was re-instated. Residents are once again able to enjoy the views over Cobar and the new underground mine development.

Our Community

Clean-up Australia Day

As part of the National Clean Up Australia Day initiative, PGM again held a clean up day following its introduction in 2004. The clean up was carried out along the Hillston road, from the mine site to the Cobar business centre, with each department cleaning up a specific section of the roadway. The road is one of the main entrances into Cobar and was visibly improved by the clean up efforts. The clean up initiative along this roadway and adjacent areas will continue in coming years to maintain the area in a tidy state.

Recycling

Recycling of wastes is an important component of PGM's site waste management plan. During 2005, PGM was approached by a local childcare organisation to determine if an aluminium can recycling program could be implemented on site. The program involves collecting aluminium cans across site and donating these to the childcare group. The cans are then sold to a recycling facility and the money used by the childcare group to finance their activities. The program forms a large component of their fundraising activities. The program has been running since June 2005 and a large number of cans have been collected during this time. Employees are also encouraged to bring cans from home to support the recycling initiative.

Complaints

The maintenance of a 24-hour complaints line enables community members to speak directly to a Peak employee if they have any concerns relating to our activities. We are then able to conduct an investigation into the causes for their concern and implement strategies to prevent re-occurrences or minimise the impacts. All outcomes are discussed with the complainant to ensure they are satisfied with the outcomes. Four complaints were received during 2005. Table 4 outlines the nature of the complaint and the strategies implemented by PGM to address the concerns raised.

Peak participated in the National Clean Up Australia Day initiative, cleaning up a major local roadway.

Table 4. Complaints received by PGM during 2005

Issue Raised	Actions undertaken by PGM
Complaint relating to rock-breaker work	■ Stronger focus on improving communication and developing good relationship with complainant.
Excessive vibration from blast	■ Continued monitoring of blast and noise data. ■ All production firings reported to Environmental Advisor. ■ Stope firings designed to minimise vibration and noise. ■ Readings from blast monitor were well below those set by statutory authorities.
Concern by landowner over the speed of exploration drill crew vehicles	■ Communication to exploration crews to ensure understanding of speed limits and dust reduction. ■ Erection of speed limit signage. ■ Liaise with complainant.
Excessive noise/vibration from blast	■ Continued monitoring of blast and noise data. ■ Environmental impacts incorporated into the risk assessment for the blasting procedure. ■ Readings from blast and noise monitor were well below those set by statutory authorities. ■ Liaise with complainant.

Our Environment – **Water**

During 2005, PGM undertook a program of monitoring the potable water supplies at Peak and New Cobar to ensure water quality complied with drinking water quality guidelines. PGM obtains its potable water supply for both mine sites from the Cobar filtration plant, and it is then stored in tanks on-site for use on demand. The water was tested at a variety of high-usage locations according to a regular water sampling regime. This sampling regime was subsequently incorporated into PGM's Environmental Management System. The data is used to manage water quality issues and assure the health of employees.

Process Water Management

De-silting of PGM's process water dam to restore its full holding capacity was completed during 2005 with approximately 77,000 tonnes of sediment removed. De-silting of the dam was part of Peak's site water management project initiated in 2003 and aimed at improving water use and efficiencies. With the sediment removed from the dam, a survey was undertaken to determine its overall holding capacity prior to re-commissioning as a recycled water storage facility. Water entering this dam is now primarily from underground dewatering activities rather than mill process discharge water and is generally of good quality. Late in 2005 PGM commenced using water from the facility to supplement raw water supply and to further increase the amount of water being recycled. This, in turn, reduced the amount of water taken from Cobar township's raw water supply, thus increasing the capacity available for the local community.

Late in 2005 PGM commenced using recycled water from the re-commissioned process water dam. This will reduce the amount of water taken from Cobar township's raw water supply, thus increasing the capacity available for the local community.

New Cobar Water Management

In an effort to increase the amount of water that is recycled at New Cobar, a series of settling cells were constructed in 2005. These cells are similar to the ones in use at the Peak site to clarify the underground water prior to its re-use. Water pumped from the New Cobar underground mine will be discharged to these cells to remove any sediments from the water. The water will then be pumped to a tank located on-site for re-use in the New Cobar operations. Excess water from New Cobar will also be used at the Peak mine site to supplement the site's raw water supply. Minor construction work is still to be completed on the cells before commissioning in 2006.

Figure 5: Rainfall

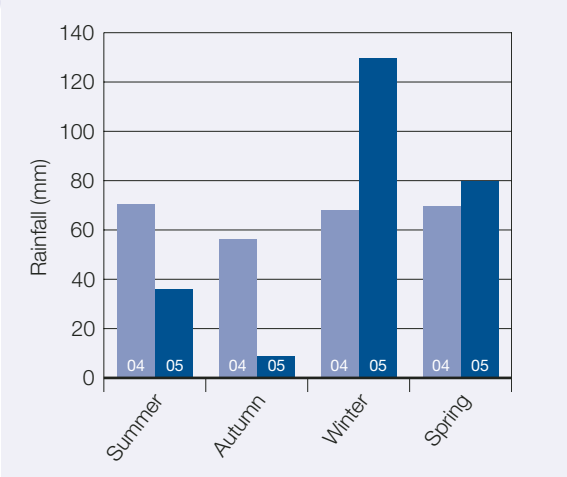
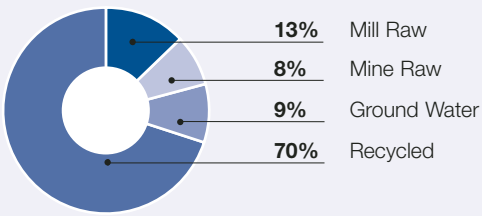


Figure 6: PGM Water Usage 2005



2006 Water Management Targets

- Finalise process water dam and associated drainage
- Conduct external biennial dam safety audit
- Continue focus on reducing water consumption/improving recycling activities
- Commission an external review of tailing dam storage capacity

Tailing Dam Management

PGM's Central Thickened Discharge tailing dam has continued to operate efficiently over the last 12 months. The thickened tailing slurry is discharged to the dam via a number of spigots located centrally within the dam. By utilising a number of discharge points at any one time, the velocity of the discharged material is reduced, minimising the chances of channelling occurring and also increasing the slope angles of the dam surface. This enables more material to be stored in the existing dam footprint. As the dam continues to hold more tailing material, extra pressure and flow duties are placed on the discharge pumps, and this has led to increased maintenance and operating costs.

During 2005, PGM commenced a program of re-routing the tailing discharge line so that it followed a more direct line to the tailing dam. The new line is approximately 300m shorter than the original line and provides more discharge options within the dam. The reduced flow duties and pressures on the pump also enable the density of the discharge to be increased to further reduce the amount of water consumed in the discharge process. Commissioning of this new system will take place during 2006.

Table 5: Water Use Efficiency

	2005	2004	2003	2002	2001
Ore Processed (tonnes)	673,000	663,000	637,000	610,000	593,000
Raw Water Usage (kilolitres)	307,000	219,000	438,000	541,000	527,000
Efficiency Index (KL water/t ore)	0.46	0.33	0.69	0.89	0.89

Our Environment - **Land**

Peak Mine Site

In 2002, PGM implemented cover system field trials on the tailing dam to determine an effective strategy for rehabilitation of the dam. The trials utilise the 'store and release' cover design system and are based on a layer of waste rock sourced from the New Cobar operation. Monitoring and data collection from these plots has been ongoing since implementation and has yielded encouraging results.

To supplement this data, PGM plans to implement additional field trials to investigate using an additional layer of material within the cover system. This layer would be based on oxide tailing material, processed as part of normal operations. It is thought that by doing this, the volume of waste rock required for capping the dam will be reduced and the formation of ARD would be further prevented. A hydrogeological test work program will be undertaken to supplement the data and information already obtained from the field trials.

Topsoiling and seeding the trial plots was delayed in 2005 due to the continuing drought conditions. However, during the year, Goldcorp elected to sponsor an ACMER-led research program aimed at determining the role of vegetation in effective cover systems. As part of this research, the field trials established at Peak will be used to conduct detailed field work to determine water uptake within cover systems, develop accurate water balance models and appraise techniques for construction of store and release cover systems. The project will run for approximately 4 years and will likely commence in 2006.

Rehabilitation

New Cobar

During 2005, PGM undertook a rehabilitation program on the New Cobar waste rock dump that progressed successfully throughout the year. In the past, rehabilitation efforts have been hampered by the continuing drought conditions in the region and this has resulted in little vegetation establishing on the dumps. Without an effective vegetation cover, the dumps were more susceptible to erosion and drainage issues. In 2004, a one-hectare irrigation trial was established on the waste dump and planting of native tress and shrubs was completed during Autumn 2005. A seeding program, consisting of native grass species was completed shortly after planting to provide a stabilising growth medium over the slopes of the dump.

Members from the Cobar WIRES[1] branch assisted with planting some 900 trees and shrubs in a random pattern within the trial area. The random pattern was selected to help produce a vegetation cover that is consistent with the surrounding landscape by having both scattered individuals and stands of species within a smaller area. Visual inspections of the waste dump have been undertaken since planting and have found that most plants survived and have successfully established within the dump. A complete monitoring program will be undertaken in Autumn 2006, to determine survival rates of each species. Irrigation to the waste dump will also be monitored and gradually reduced to ensure the long-term sustainability of the vegetation cover.

New Occidental Historic Area

One of PGM's targets for 2005 was to undertake a rehabilitation program on a neighbouring property, which contained a historic spill that occurred during earlier mining activity. The spill, which consisted of tailing material, was believed to have occurred in two separate incidents, one in the 1950s and the other in the late 1980s. The spills were a historic legacy that Peak offered to clean up in an effort to restore and improve the quality of the degraded land, and to make amends for previous mining practices.

The clean up involved the removal of a large amount of rubbish and scrap steel prior to clearing most of the vegetation that covered the area. The spilt material was then excavated and safely disposed in an open-cut void elsewhere on the Occidental mine site as approved by regulatory authorities. The final stage of the work entailed 'scarifying' the site to promote revegetation. At completion, in excess of 400 tonnes of tailings material was removed and some 9 hectares of land was rehabilitated.

[1] WIRES Inc is a non-profit community organisation aimed at rehabilitating sick and injured native wildlife for release back into the wild. Revegetation programs using native species, complement the work that is carried out by WIRES as they provide food sources and create habitats suitable for native wildlife species.

Table 7: Rehabilitation of Current Operations

	Area of land disturbed (ha)	Area of land rehabilitated (ha)	Area of land available for rehabilitation (ha)	Cost Provision for Rehabilitation* ($A000's)
Peak Project Site	113	0	113	6,768
New Cobar	38	11.5	26.5	587
New Occidental Mine	2	2	0	#
Perseverance Mine	1	0	1	36
TOTAL	154	13.5	139.5	7,391

** Based on 2005 updated figures from the Conceptual Closure Plan. The table above shows rehabilitation progress of current operations and the amount of money allocated for each site.*
 # Cost for current operations calculated in historic site costs.

Our Environment – **Land**

Queen Bee

The historic Queen Bee mine site, located 17km southwest of Cobar was first discovered in 1872. The mine extracted rich copper ores intermittently for 47 years until 1919 when production finally ceased. The site remained largely untouched until 2000 when PGM conducted rehabilitation work at the site. This work is now almost complete with only a few minor items remaining. These include:

- Filling two shallow wells
- Demolition and removal of an old building
- Determination of requirements for an emergency spillway
- Filling/capping of remaining shafts on the lease

This work was scheduled to be completed in 2005, however due to time and resource constraints this work was delayed and will now be completed in 2006.

Weed Management

At PGM we recognise that the control of noxious weeds is important in ensuring the land is a productive resource and that the viability of native species is not inhibited. During favourable conditions, PGM undertakes weed control programs focusing on African Boxthorn (Lycium ferocissium). African Boxthorn forms impenetrable stands that harbour pest species (such as rabbits), and cause the displacement of native flora and fauna species. It is classified as a category W2 declared noxious weed by the Department of Primary Industries (Agriculture) and as such, must be fully and continuously suppressed and destroyed. During 2005, PGM worked with the Cobar Shire Council to target specific areas of boxthorn growth, focussing on areas surrounding New Cobar and the New Occidental mine sites.

During 2005, the Western Catchment Management Authority (WCMA) made available funding to support improvements in the management of natural resources. PGM, in conjunction with the Cobar Shire Council and surrounding landowners, submitted applications seeking funding for the removal of African Boxthorn. This collaborative approach was aimed at increasing the effectiveness of weed control measures to prevent the spread of boxthorn onto adjacent properties. The funding was granted in late 2005 and the program will commence in 2006 when conditions are favourable.

Table 8: Rehabilitation of Historic Sites

Location	Area of land disturbed (ha)	Area of land rehabilitated (ha)	Area of land available for rehabilitation (ha)	Cost Provision for Rehabilitation* ($A000's)
Tharsis	0.08	0.08	0	–
Gladstone	1.42	1.42	0	8
Great Cobar	31	0	31	24
Chesney	10.1	0	10.1	518
Mt Pleasant/Young Australia	0.09	0	0.09	10
Coronation/Beechworth	<0.04	0	<0.04	3
New Occidental	40.5	12.8	27.7	698
Queen Bee	16.82	16.82	0	16
TOTAL	100.05	31.12	68.93	1,277

** Based on 2005 updated figures from the Conceptual Closure Plan. The table above shows historical land sites to be rehabilitated and the amount of money allocated for each site.*

Table 9: Environmental Incidents

		Spills						
Level		Chemical	Slurry	Hydro-carbon	Process Water	Water	Total 2005	Total 2004
1	Containment Within Sealed Bunds	–	–	–	1	–	1	4
2	Containment Within Earthen Structures	1	7	1	–	–	9	1
3	Containment Onsite (Disturbed Areas)	–	–	1	–	–	1	12
4	Containment Onsite (Undisturbed Areas)	–	–	–	–	2	2	2
5	Offsite Releases	–	–	–	–	–	–	–

Our Environment - **Air**

Dust

As part of its licensing requirements, PGM carries out dust monitoring on a quarterly basis. The dust monitors are located at various points around the Peak site as well as at our closest neighbours at the New Cobar site. All samples are analysed by an independent laboratory and results are reported on an annual basis. Overall, results have shown a reduction in dust levels in 2005 compared with 2004.

2005 saw drought conditions continue throughout the Cobar region, with conditions slightly easing after good rainfall in June. This, coupled with a successful water-recycling program, allowed PGM to maintain dust suppression activities, with minimal impact on Cobar's water resources. Dust suppression initiatives included:

- Sprinkler systems being available for use in areas considered to be dust-sensitive during high work loads (such as haul roads) or during windy conditions (for example lay-down pads).
- Water trucks being available at the Peak and New Cobar sites to minimise dust on haul roads and ensure that our neighbours are not affected by poor air quality.
- Identifying areas of high traffic use for spreading of road base material.
- Sealing the main access road to the New Cobar offices to minimise dust generated through vehicle movements.

Greenhouse Targets

During 2005, the NSW government introduced initiatives aimed at reducing energy consumption among high-energy users. Identified users are required to submit an Energy Savings Action Plan to the government that outlines improvements that have been made, or will be implemented to reduce energy consumption.

In November, PGM was notified that it was a high-energy user and is required to submit an Energy Savings Action Plan by mid 2006. This plan will include a baseline study of current energy usage levels and a review of where opportunities exist to reduce future usage. Progress on identified reduction initiatives will be provided to the government on an annual basis.

Any energy savings made as a result of these initiatives will result in lower in greenhouse gas emissions from Peak's operations and cost savings in the purchase of energy sources.

Noise

Monitoring of vibration and noise levels associated with blasting and general mining activities is conducted on a continuous basis at a neighbouring property. Any noise or vibration that exceeds the defined trigger levels is recorded and the data interpreted using information from the operations.

During 2005, no vibration levels (including overpressure) were reported as exceeding the requirements defined by the EPA. Average noise monitoring data for 2005 also complied with the EPA requirements after a faulty monitor in 2004 was repaired. To further improve data quality, a weather station will be installed at the site early in 2006. The station will be used to discount any data that is recorded due to climatic factors that are known to elevate background noise levels.

Table 10: Energy Use

Year	2005	2004	2003	2002	2001
Electricity (MWh)	55,296	49,031	51,314*	46,714	49,936
Diesel (L)	2,025,497	1,717,901	2,967,767	2,799,905	1,837,485
Petrol (L)	11,301	17,490	21,256	47,619	40,816
LPG (L)	296,337	287,329	245,531	482,972	204,724

Table 11: CO_2 Emissions (Tonnes)^

Year	2005	2004	2003	2002	2001
Mining	7,317	6,488	8,351	19,010	10,911
Smelting	444	431	369	735	307
Other**	20	39	49	107	92
Total	7,781	6,958	8,769	19,582	11,310

^ CO2 emissions based on emissions arising from explosives, fuel and land clearing activities. No emissions recorded from mill as these are split into smelting and other.
*** Other includes emissions arising from petrol used for fixed and mobile equipment.*

Table 12: Noise recordings from Dellavale

Period	Number of Records	Average L10A-15 (dBA)	Prescribed Limit (dBA)	Compliant
Day	10,156	39.22	45	Yes
Evening	3,312	34.32	40	Yes
Night	14,508	34.58	35	Yes

Our Future

Exploration and Mine Life

A large exploration program was conducted in 2005 with approximately 60,000m of exploration and evaluation drilling completed. Through this drilling program, PGM was able to increase the mine life to 2014, with expectations that it will extend further as more resources are identified. Near-mine exploration and evaluation drilling completed during 2005 included: above the original Peak orebody, below and around the Perseverance orebody, below the Chesney resource and the Comstock prospect.

Drilling conducted at Chesney returned positive results and a resource estimate and mining study was completed to evaluate the deposit. The drilling at Perseverance identified several new ore positions and extensions to existing resources. The exploration of the upper part of the Peak intersected significant gold and base metal mineralisation, the economic potential of which will be further evaluated in 2006.

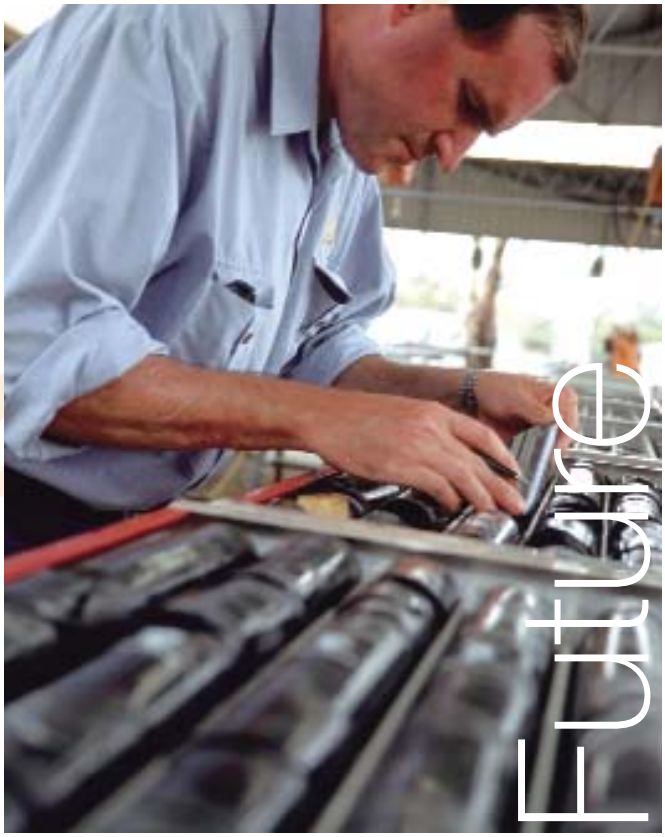
A number of regional exploration programs, Illewong, Rookery, Mafeesh, Norma Vale, Coronation and Central Shaft, were also conducted to test the enormous potential of the Cobar Region. PGM's intensive exploration program will carry on through 2006, aimed at extending PGM's resource base and in turn, its mine life.

Closure Planning

In 2000, PGM initiated a process of closure planning to ensure our sites, both operational and historical, did not become future liabilities for the Cobar community. Based on PGM's current reserve and resource base, the mine life is expected to extend to 2014. However, we regard planning for closure as an ongoing process throughout the mine life, so that the amount of rehabilitation completed while mining operations are being conducted can be maximised. This also ensures that community expectations and our legal responsibilities are progressively addressed and incorporated into the rehabilitation and closure plan.

During 2005, PGM undertook a detailed review of its closure plan and associated costs. This review included adopting an itemised approach to calculating rehabilitation costs for all of our sites. A tentative schedule for timing of the different rehabilitation programs was also developed to ensure progressive rehabilitation of areas not required for current operations was conducted. The plan and costs will be continually reviewed and updated to ensure new initiatives are incorporated into the plan.

In 2005, PGM increased the mine life to 2014, with expectations that it will extend further as more resources are identified.



Annual Sustainability Target Review

Target for 2005	Performance in 2005	Target for 2006
Environment		
Complete de-silting of process water dam and finalise dam, drainage and catchment construction. Undertake a sounding survey to determine final dam capacity.	De-silting work completed with 77,000 tonnes of sediments removed from dam. New operating capacity determined prior to re-commissioning of dam.	Finalise remaining dam and drainage works to ensure all water qualities are separated and maintained in appropriate holding facilities.
Stabilise affected sections of New Occidental tailing dam and clean up historic tailing material from neighbouring property.	Tailing material cleaned up from neighbouring property. Some stabilisation works still required for the New Occidental historic tailing dam.	Commence progressive clean up of tailing material from around New Occidental site. Complete stabilisation works as required.
Complete rehabilitation works on Queen Bee lease.	Final rehabilitation works not completed due to time constraints.	Target re-set for 2006.
Rehabilitate mine shafts on Queen Bee lease (CML9).	Shafts not yet rehabilitated.	Target re-set for 2006.
Continue trial re-vegetation program on New Cobar waste rock dump.	Trial continuing with some 900 trees and shrubs planted during 2005.	Determine success of rehabilitation.
Continue investigations into reducing water consumption/improve recycling activities.	Water from New Cobar operations now being re-used to supply underground operations at New Cobar and Peak. Segregation of water qualities has resulted in further increases in recycling activities at Peak site.	Continue focus on water management and the need to reduce consumption wherever possible.
Conduct additional studies on PGM ARD trial plots.	Conceptual plans and work scopes developed on constructing additional trial plots. Construction of the new plots commenced late in 2005.	Commence monitoring performance of oxide trial plots to determine effectiveness of the alternate cover materials.
Conduct an external review of tailing dam storage capacity.	Internal review has indicated sufficient capacity for current mine life. External review of capacity to be included in the next external tailing dam audit.	Incorporate review of storage capacity in external tailing dam audit.
No environmental complaints.	Four complaints received as outlined in Table 4.	No environmental complaints.
Zero non-compliances.	Three non-compliances reported during 2005#. One resulted from an inability to report on dust monitoring results due to an analytical error by the external laboratory. Average noise levels exceeded EPA requirements and sampling of Spains Tank was not undertaken as required.	Zero non-compliances.

 # Non-compliances based on PGM's reporting period which runs from July 2004 to June 2005.

Annual Sustainability Target Review

Target for 2005	Performance in 2005	Target for 2006
Community		
Hold community consultation meeting in first quarter 2005.	Community meeting held in March to discuss PGM's performance of the preceding 12 months and its plans for the coming 12 months.	Hold community consultation meeting in the first quarter of 2006.
Safety		
LTIFR of 0.61 (20% reduction over previous 12 months figure).	LTIFR of 1.01 Slight increase over previous 12 months.	LTIFR of 0.92 (10% reduction over previous 12 months figure).
AIFR<9.6 (10% reduction over previous 12 months figure).	AIFR of 8.72 which is a 27% reduction over previous12 months.	AIFR < 7.9 (10% reduction over previous 12 months figure).
Develop the site hazard register.	Developed and implemented.	Develop a site safety database.
Review safety management plan.	Reviewed and signed off by Management Team.	Ongoing training in risk assessments, incident analysis, audits and inspections.
Close out actions from the New Cobar risk review.	Despite not achieving target, excellent progress made. 5 more actions to complete.	Prioritise Management emergency response training.
Develop and implement a health or lifestyle incentive program.	Initial program developed with a view to build further during 2006.	Revise ticketing process to ensure competency.
Geology		
Upgrade New Occidental Deeps to Indicated Status.	Majority of resource now at Indicated Status.	Discover new resources to extend the mine life beyond 2014.
Prepare Chesney sulphide resource for Feasibility Study.	Completed Drilling and Resource Statement.	Find additional ore sources in mine corridor.
Continue to test high priority mine corridor targets.	Drilled Constock, Dapville, Peak Upper and Peak Deeps.	Drill test targets to be defined by regional exploration.
Continue to review the potential of known mineralisation in the Cobar Field (Great Cobar, Queen Bee, Gladstone, Young Australia).	Drilled and tested Stone's Tank, Gladstone, Illawong and Rodery.	Continue upgrading prospects to 'ready to drill' stage (Mafeesh, Cobar Lucknow, Rookery South etc) – Surface mapping, geochemistry, RAB drilling and geophysics.
Operations		
Production target of 130,000oz gold.	Target achieved with 133,412oz gold produced.	Production target of 149,000oz gold.
Maximise mill throughput to 85tph (690,000tpa).	Target not achieved. Mill throughput of 672,672 tonnes achieved.	Maximise mill throughput to 750,000 tpa.

Resource Inputs and Outputs

INPUTS	2005	2004	2003	2002
Water (ML)				
Raw water	460	498	581	445
U/G water	439	415	624	445
Potable water	16	15	11	11
Energy Use				
Grid demand (MWh)	55,296	49,031	51,314	46,714
Diesel fuel – mobile sources (KL)	2,025	1,718	2,968	2,800
LPG (t)	151	146	125	245
Petrol (KL)	11	17	21	48
Explosives (t)	626	1,233	1,101	1,773
Ore				
Ore mined (t)	533,942	573,389	1,050,000	738,000

OUTPUTS	2005	2004	2003	2002
CO_2 emissions (tonnes)				
From electricity	51,923	46,040	48,185	45,219
From diesel	5,464	4,634	4,385	7,553
From LPG	444	431	369	735
From explosives	103	202	180	290
From petrol	20	39	48	107
Products and Waste				
Gold (ounces)	133,412	142,703	112,503	97,035
Copper (t)	2,546	3,038	1,637	449
Milled tailing (t)	659,773	647,737	637,000	610,000

Further Information

If you have any comments on this report or would like further information on Peak Gold Mines, please contact either of the following:

Jim Simpson
Mine General Manager
Peak Gold Mines
PO Box 328 Cobar NSW 2835
Australia
Ph: +61 (0)2 6830 2202
Fax: +61 (0)2 6836 2999
jim.simpson@wheatonriver.com.au

Dennis Wilson
Environmental Advisor
Peak Gold Mines
PO Box 328 Cobar NSW 2835
Australia
Ph: +61 (0)2 6830 2208
Fax: +61 (0)2 6836 2999
dennis.wilson@wheatonriver.com.au

Sydney Office
Wheaton Minerals Asia Pacific
(A member of the Goldcorp Group)
Suite 1002, Level 10, Gold Fields House
1 Alfred St, Sydney NSW 2000
Australia
Ph: +61(0)2 9252 1220
Fax: +61 (0)2 9252 1221
Jennifer.Baxter@goldcorp.com

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Peak Gold Mines
PO Box 328
Cobar NSW 2835
Phone +61 (0)2 6830 2265
Fax +61 (0)2 6836 2999

Peak Gold Mines