



2006
Sustainability
Report





WORLDWIDE

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This report covers the reporting period 01 January to 31 December 2006. Unless stated otherwise, all dollar amounts shown are Australian dollars.

Front cover image: Emu tracks across the tailing storage facility. The 'dry-stack' method of tailing discharge minimises risks to wildlife.



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Our focus and goals for 2007 will be to continue rehabilitation of the Occidental historic site and developing trial vegetation plots for rehabilitation of the tailing facility.

Mine General Manager's Introduction

Welcome to Peak Gold Mines' (PGM) fifth 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 November 2006 Goldcorp Inc (our parent company) completed a merger with Glamis, 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 2.5 million ounces of gold in 2007 at a cash cost of approximately US\$200 per ounce. This would make Goldcorp the second largest gold company (by market capitalisation) in the world.

2006 was a year of consolidation and acquisition. Peak was successful in the purchase of Mt Boppy which is an open cut approximately 40km east of Cobar at Canbelego on the highway to Nyngan. This open cut is scheduled to produce 40,000oz of gold over the next three years. The ore from the pit will be processed at Peak using our existing processing facilities. This operation provides Peak with added mine life and a diversity of production sources. Mt Boppy places us in a strong strategic position with sources of ore from three mines rather than two. In addition to helping secure the operation, the development of Mt Boppy will create more than 30 new jobs and provided additional economic benefits to the Cobar region.

A major improvement for the Peak operation was the installation of the Gecko intensive leaching process which has increased our overall gold recovery by 0.7%. Other improvements included upgrading the mill's structural steel, replacement of mobile equipment, replacement of the hoisting ropes in the shaft and successful resource drilling.

The mill has been steadily upgraded to increase throughput with another milling record achieved this year with 703,000 tonnes treated.

The mine has just completed a change over from contractor to owner operator mobile maintenance to improve maintenance services for the underground operations. We believe that we can improve the reliability of the equipment and better attract maintenance people to Peak.

The Geology/Exploration Department completed a drill program of over 16,000 metres which resulted in an upgrade of resources in and around the Peak leases, and an extension to the mine life to 2015.

Peak, like all resource companies operating in the global market, experienced higher raw material costs and an even tighter labour market in 2006. 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 2006.

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 8.72 in 2005 to 7.21 in 2006, a 17% reduction year on year. This is a very pleasing trend which we hope will continue in 2007 with our continuing strong focus on all safety issues. Our key focus in 2007 will be the updating of the underground procedures and ensuring that our people are well trained in these procedures.

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 supply of water from the Macquarie system is at an all time low so it is imperative that we recycle as much water as possible to reduce the burden on this system. Pumping water from the Chesney shaft is expected to commence in April 2007 and this will provide all of Peak's raw water needs. This additional capacity has created opportunities to assist the community. Water from mine dewatering activities is already being used by the Shire

for dust suppression in town and may be used in the future to irrigate grass seed and tube-stock for rehabilitation, providing a product to benefit both Peak and other customers in the region.

Our focus and goals for 2007 will be to continue rehabilitation of the Occidental historic site and developing trial vegetation plots for rehabilitation of the tailing facility. One of our major projects is to commence a surface decline at Peak to connect to the underground workings at approximately the 250L. The access will be developed from both the surface and the underground and will meet close to the 130L. The waste from this development will be used to cap the Southern Occidental tailing dam at the Occidental historic site. The financial benefit of developing this surface access is expected to be approximately \$1.2M in savings per annum.

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 2007. The additional bitumen around the mill, the clean up of the fuel bay and waste oil storage area and the decommissioning of the pH correction dam are excellent examples of our cleanup program. Our focus in 2007 will be on storage systems, 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



Our Performance

Peak Gold Mines' vision towards 2014 is to: 'Develop a safe, profitable and sustainable mining operation around Cobar'. To achieve this, we have adopted set values that are incorporated in everything we do. These include:

- Safety in all we do
- Carry out business with a sense of urgency
- Demonstrate environmental and stakeholder responsibility
- Provide positive and consistent leadership through integrity
- Develop and maintain open, honest and timely communication
- Develop competitive operations through continual improvement.

Financial Performance

Peak Gold Mines recorded Earnings before Interest and Tax of A\$36.4M in 2006 resulting from the sale of 114,422 ounces of gold and 12,137 tonnes of copper concentrate. The US\$ gold price improved in 2006 and at year end was above US\$600 an ounce. The A\$ also strengthened throughout the year and consequently partially negated the improvement in the US\$ gold price.

In line with Peak's Vision of further developing current and potential ore bodies A\$12.1M was invested in mine development and A\$3.8M in exploration activities.

Mining Performance

In 2006 tonnes mined increased by 11% over 2005, despite a difficult year in recruiting and maintaining experienced workers. Peak is not alone in this regard and the industry continues to experience strong competition for skilled workers. Underground ore production from Peak was 558,897 tonnes which includes 92,989 tonnes from the New Cobar operations. Mining of the New Occidental upper ore body was completed and the focus of development turned to the New Occidental deeps, Perseverance Zone D and the Peak Uppers zones of the mine.

Development of the upper zones in the mine will be greatly assisted by the installation of a box cut and portal, which will allow access to the underground without the necessity of the current shaft arrangement. The surface decline will have a number of positive impacts including improved and more efficient access and egress, improved ventilation and reduced costs. This development will commence in 2007.

In August 2006 Peak successfully fired the largest underground blast in the mine's history in the New Occidental orebody. The blast used state-of-the-art electronic detonators which allowed the maximum instantaneous charge to fall well within the limits set by the EPA. No complaints were received following the blast.

Development rates at New Cobar proceeded according to plan, opening up access to the next level of stoping panels and providing greater production flexibility in the underground mine. The focus of the New Cobar operation will be toward the mining of the Chesney orebody in the future.

During 2007, mining will also commence at Mt Boppy, near Canbelego, 40km east of Cobar. This project will be conducted in conjunction with Polymetals as part of a joint agreement and will provide yet another source of ore for Peak.

Production Performance

In 2006, Peak again achieved record mill throughput, which increased by 5% over 2005 (the previous record) to 703,000 tonnes. Copper grade increased by 15% compared with 2005. Gold production was 122,585 ounces and copper production was 2,990 tonnes.

A major improvement to the process circuit in 2006 was the commissioning of the Gekko Intense Leach Reactor. The reactor was commissioned with a dedicated electro-winning cell in April 2006. Average unit leach recovery of gold from the Knelson concentrate is 87.4% (average electro-winning recovery of 92.8%). This represents a very high rate of gold recovery.



Table 1: Production Performance

	2006	2005	2004	2003
Ore mined open-pit (tonnes)	0	750	45,681	551,000
Ore mined underground - Peak (tonnes)	465,908	494,447	527,967	499,000
Ore mined underground - New Cobar (tonnes)	92,979	38,745	-	-
Ore milled (tonnes)	703,000	672,672*	663,441	637,000
Average gold grade (g/t)	6.08	6.97	7.4	6.4
Gold produced (ounces)	122,585	133,412	142,703	112,503
Copper produced (tonnes)	2,990	2,546	3,038	1,590

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

During 2006, new initiatives focused on improvements in environmental awareness and performance throughout the operation.

Peak continues to optimise existing plant equipment and in 2006 carried out the following improvements:

- Changed Knelson Bowls from a G5 model to a G6 resulting in an 87% increase in concentrate mass collected.
- Continued to focus on grind size optimization. SAG Mill aperture specifications were changed and work began on a circuit simulation model.
- Re-routed the tailings line to enable the plant to discharge at higher densities and to improve pump life.
- Increased operator focus on plant efficiency by changing reported downtime from the 'Duration the SAG Mill was Offline' to the duration of 'No Feed to SAG Mill'.

During the year, the operation introduced Partial Oxidised Ore (POX) to the mill feed. POX ore is oxidised remnant ore from the New Cobar Open Cut. A total of 70,000 tonnes was treated in 2006 with an average total gold recovery of 56%. The low recovery was due to the difficult metallurgy of the ore. Considerable effort has gone into improving the treatment and recoveries from this ore.

Environment, Safety and Health Performance

Peak, as subsidiary of Goldcorp, adheres to the policies and standards set by the parent company for managing environmental, safety and health performance. These standards also apply to additional areas such as community interaction and closure planning. Integral to Goldcorp's policies is the requirement for environmental, safety and sustainability audits to be carried out annually. The policy further states that the audit must be conducted by an independent consultant every second year.

The independent environmental consulting firm Enesar audited Peak during 2006 against:

- Peak's own internal standards and policies
- Goldcorp's Environmental and Sustainability Policy and
- internationally recognised standards (Equator Principles).

While the report contained no findings of 'very high importance', there were recommendations of varying degrees of significance. Peak is currently putting actions and controls in place to implement these recommendations.

As well as auditing as part of Goldcorp corporate requirements, reports are annually sent to the various government regulators for comment on monitoring results, general environmental performance and planned objectives for the upcoming year.

During 2006, Peak hosted an annual review of the site by the various government regulators. During the review, Peak's environmental performance was scrutinised by members of the Department of Primary Industry, the Department of Environment and Conservation, the Cobar Shire Council and the Department of Natural Resources. The outcome of the review was overall very positive and well received. It is anticipated that the list of government agencies involved in the next review will be greater and invitations to interested non-government organisations may be incorporated.

During 2006, new initiatives focused on improvements in environmental awareness and performance throughout the operation. Some of the Environment, Health and Safety highlights for 2006 include:

- A 17% reduction in the All Injury Frequency Rate from 2005. This equates to an almost four fold decrease in the All Injury Frequency Rate since 2003.
- Improvements in Dangerous Goods management on site and the formulation of a Cyanide Management Plan.
- Improvements in housekeeping across site by workers for their respective areas.
- A new workplace safety inspection program was introduced which is designed to ensure that all work areas are inspected on a regular basis by a departmental manager from a different business unit within the organisation.
- Improvements at the Peak site in areas such as hydrocarbon management and spill response, dust management, water management and tail dam management.

- Continued rehabilitation of the waste rock dump at New Cobar, including the planting of a further 300 native trees on the western batter.
- Compliance with the new State Government Explosives Act and Regulation.
- Development and implementation of training database and incident report tracking program.

Global Reporting Initiative (GRI)

The Global Reporting Initiative and GRI Reporting Framework are intended to serve as a generally accepted framework for reporting an organisation's sustainability (economic, environmental and social) performance. The GRI is designed for use by organisations of any size, sector or location and takes into account the practical considerations faced by a diverse range of organisations. The GRI provides a framework for reporting through shared concepts, consistent language and uniform metrics.

Peak has reported against many of the indices included in the GRI Framework for several years. This year we have included a table at the back of the report which highlights those indices we are reporting against and our progress to date. This will help compare our performance against our associates and provide greater transparency for a range of stakeholders including financial, regulatory and community. We have not addressed all aspects of the various elements but are working towards more complete disclosure in the future.





Our People

Occupational Health and Safety

At Peak Gold Mines we are committed to achieving the highest standards of Safety and Health for all our business activities. Our vision is to conduct safe, profitable and sustainable mining operations in the Cobar district for the benefit of all our stakeholders over the long term. To support line management, Peak employs a number of Safety and Training professionals that partner with business units to provide an advisory and audit function.

The foundation of the Peak Safety Management System is the 'Peak Sapphire Safety Standards'. Using current safety legislation and Australian Standards as guidance, the 'Peak Sapphire Standards' have been designed to assist our business units improve safety during day-to-day

operations. The Standards provide guidance regarding the management of hazards such as confined spaces, working at heights, mobile equipment standards, change management, fitness for work as well as the use and handling of explosives.

Another important aspect of safety management at PGM is the ongoing focus on behavioural-based safety observations, which are used to identify and communicate unsafe acts while also providing positive feedback on tasks carried out safely.

A key step towards our safety improvement during 2006 included the establishment of a Safety Committee to assist in the facilitation of employee consultation on safety matters across the operation. Employee representatives were elected by their work groups to represent them on the Committee.



People at Peak

Ensuring adequate training is provided to all employees is an important component in maintaining PGM's multi-skilled workforce. Peak recognises its responsibility to provide specific training programs to enable its workforce to perform their tasks in a safe manner and also to develop and challenge employees.

To cater for the specific needs of each department, the safety and training department coordinates all training programs across the Peak operation and in 2006 a variety of training programs were made available to all employees.

These included hazard identification, basic fire fighting, industrial first aid, occupational first aid, computer skills, confined spaces, safe use of explosives and Certificate IV in Workplace Training and Assessing. Some of the more diverse training courses included Reptile Handling and 4WD vehicle driver training.

During 2006, three safety personnel completed tertiary level OH&S qualifications to further their understanding and develop their career paths.

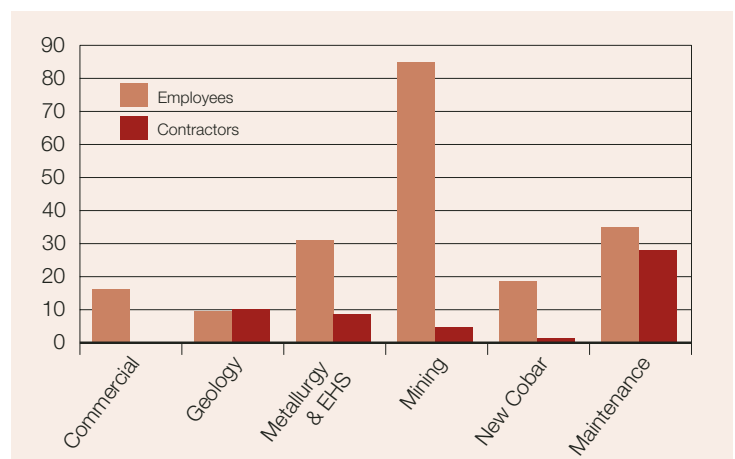
Table 2: Environmental Health and Safety Summary

	2006	2005	2004	2003
External Medical Treatment Injuries	14	18	18	15
Restricted Work Day Injuries	4	6	8	5
Lost Day Injuries	5	3	2	4
Lost Time Injury Frequency Rate	1.57	1.01	0.76	1.39
All injury Frequency Rate	7.21	8.72	10.7	27.4
Work related fatalities	0	0	0	0
Environmental Non-Compliance Incidents	2	3	0	1
Number of fines imposed by regulators	0	0	0	0
Monetary value of fines (\$)	0	0	0	0
Environmental Complaints	4	4	4	7

Table 3: Health Monitoring Programs in 2006

	2006	2005	2004
Drug tests	1,143	1,108	285
Alcohol tests	3,917	5,387	1,104
Medicals	110	132	185
Blood tests	90	66	132
X-rays	90	66	131
Hydration tests	59	167	19
Functional assessments	86	72	58

Figure 1: Employee and Contractor Numbers



PGM continued to develop the capability of the rescue team during 2006 and to recruit new members from across all areas of the operation.

With the operation focusing on consolidation and improvement in 2006, a new course was introduced to assist supervisors realise their full potential. The course is called 'Our Business Leadership Plan' and all levels of management are expected to participate in the next few years. This will enable managers to work toward a Certificate IV for middle management (or Diploma for line managers) in Business (Frontline Management) while carrying out their work duties.

Explosives Management

As a part of its commitment to safety and especially the safe use of explosives, Peak has worked toward compliance with new NSW government legislation relating to explosives use. Peak has been granted an explosives storage license for the Peak and New Cobar operations and has been actively working with employees to ensure all personnel working with explosives apply for and are awarded a WorkCover Unsupervised Handling License and Blasting User Tickets where applicable.

Security Management

During 2006, PGM completed a program of updating its security systems, following an internal audit conducted by Goldcorp. The New Cobar site was upgraded through the installation of an electronic sliding gate along with electronic surveillance cameras and alarms that are monitored by Peak Security Officers.

All of Peak's security officers have now obtained their NSW Security Licenses and WorkCover Unsupervised Explosive Handling licenses as required under NSW Government legislation.

Figure 2: Safety Performance
LOST TIME INJURY FREQUENCY RATE – 2006
 (per 200,000 hours worked)

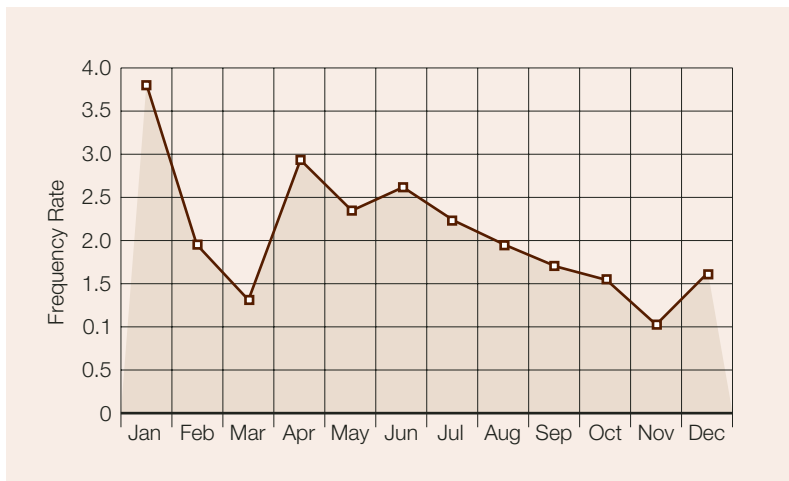
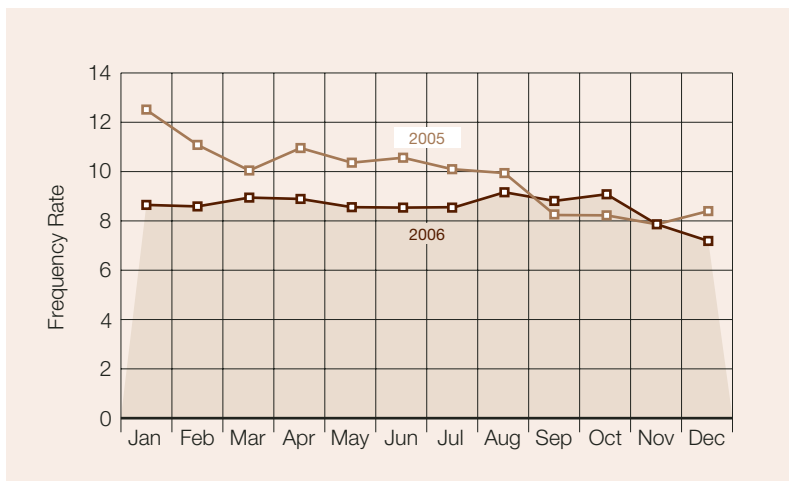


Figure 3: Safety Performance
All INJURY FREQUENCY RATE – 12 month rolling average
 (per 200,000 hours worked)



Mine Emergency Services

PGM continued to develop the capability of the rescue team during 2006 and to recruit new members. The team consists of people from across all areas of the operation. Training programs were held throughout the year to improve the team's expertise in different areas.

In addition to the fortnightly training program, emergency services personnel completed intensive trauma management and industrial first aid courses. Seven team members completed Vertical Rope Rescue 1 and six members also completed breathing apparatus technician training.

A small group of team members also attended a specialist five day intensive mine rescue program operated by the Hunter Valley Mine Rescue Service.

During 2006 PGM purchased new equipment for the rescue group including a full complement of rope rescue equipment (comprising ropes, friction devices and harnesses), new breathing apparatus and trauma packs for the team.

The mine rescue team still maintains an agreement with the NSW Rural Fire Service (RFS) that allows them to utilise the RFS paging network to provide greater coverage over the district.



NSW Mines Rescue Challenge 2006

Cobar hosted the NSW Mine Rescue Challenge in July 2006. The event was jointly organised by Peak Gold Mines with the assistance of Cobar Management Pty Ltd and Endeavor Mine.

The Challenge provided a unique opportunity for rescue teams to not only showcase their skills in various emergency disciplines, but also to share ideas and experiences with their counterparts from other mining operations.

There were six events included in the program:

- Fire Fighting
- Road Accident Rescue
- High Angle Vertical Rope Rescue
- Underground Search and Rescue
- Endurance
- Triage/Time Critical Injury

Teams that participated in the 2006 Challenge were Tritton Mine, Cadia Valley, Northparkes Mine, Mt Arthur Coal Mine, Bengalla Mine, Perilya (Broken Hill), Peak Gold Mines, Cobar Management Pty Ltd (CSA) and Endeavor Mine.

The event was a great success with positive coverage in print, radio and television media outlets. The community provided huge support for the event with good size crowds watching the rescue teams in action over the three days of activity.

Table 4: Community donations in 2006

Recipient	Donation towards
Education	
Cobar Public School	<ul style="list-style-type: none"> ■ Donation of prizes for raffles ■ Annual Presentation Ceremony
St Johns School, Cobar	<ul style="list-style-type: none"> ■ End of year presentation ■ School bazaar and major raffle prize
Cobar High School	<ul style="list-style-type: none"> ■ Science Department ■ School Magazine
Cobar Preschool	<ul style="list-style-type: none"> ■ Donation towards equipment
Cobar Mobile Children's Services	<ul style="list-style-type: none"> ■ Donation towards equipment
Cobar High School	<ul style="list-style-type: none"> ■ 2006 Outback Science & Engineering Challenge ■ School Magazine and presentation
Sport and Youth	
Girl Guides	<ul style="list-style-type: none"> ■ Donation for watering PGM houses
Blue Light Magazine	<ul style="list-style-type: none"> ■ Police publication for children
Inter-mine Golf Challenge Day	<ul style="list-style-type: none"> ■ Monies raised donated to agreed charity
Cobar Police and Community Charity Golf Day	<ul style="list-style-type: none"> ■ Monies raised donated to charity
Health	
Cobar Health Service	<ul style="list-style-type: none"> ■ Donation toward purchase of bath bed
Cobar Hospital	<ul style="list-style-type: none"> ■ Donation – 'It Takes Two' fundraiser
Multiple Sclerosis Association	<ul style="list-style-type: none"> ■ Donation
Shave-for-a-Cure	<ul style="list-style-type: none"> ■ Donation toward leukaemia research
Sunrise Foundation	<ul style="list-style-type: none"> ■ Fundraising for outback depression awareness
Services	
Country Wide Media	<ul style="list-style-type: none"> ■ Police News (publication) ■ The Volunteer (publication) ■ Australian Federal Police Journal (publication)
State Emergency Service	<ul style="list-style-type: none"> ■ NSW State Emergency Service Calendar
WIRES	<ul style="list-style-type: none"> ■ Donation toward rehabilitation of injured wildlife
Rural Fire Service	<ul style="list-style-type: none"> ■ Australian Firefighters Magazine
Other	
National Disaster Relief Centre	<ul style="list-style-type: none"> ■ National Disaster Relief News
Cobar Arts Council	<ul style="list-style-type: none"> ■ Donation
Cobar Show Society	<ul style="list-style-type: none"> ■ Steve Forde Concert ■ Show Jumping prize money

Peak Gold Mines uses goods and services provided by Cobar suppliers wherever possible. During 2006, PGM's total operating expenditure was A\$54.4M including salaries of A\$20.5M and royalties of A\$3.3M.



Economic Contribution

Peak Gold Mines uses goods and services provided by Cobar suppliers wherever possible. During 2006, PGM's total operating expenditure was A\$77.1M including salaries of A\$20.5M and royalties of A\$3.3M. Most of this money was spent within NSW.

PGM also donated over \$20,000 to various organisations and charities from the Cobar region. As well, the General Manager of PGM took part in 'It Takes Two', a fund-raising event for Cobar Hospital which raised over \$100,000 (of which \$30,000 was raised by the GM).



Community Involvement

Tree Planting Day

During 2006, Peak was approached by the Cobar Shire Council to provide tree seedlings for 'Planet Ark Tree Day' activities. This provided an opportunity for Peak, in conjunction with CSA and Endeavor mines, to conduct the Tree Planting Day with the three local schools in the community. Some 300 trees were planted near the local Newey Reservoir.

The children were very enthusiastic in their work. The day's activities closed with environmental staff emphasising the importance of tree planting and its beneficial effect on both the local and global environment. The day attracted the attention of the local media and Cobar's federal government representative who congratulated all those who had taken part in the day's activities.

Figure 4: Expenditure by Location – 2006

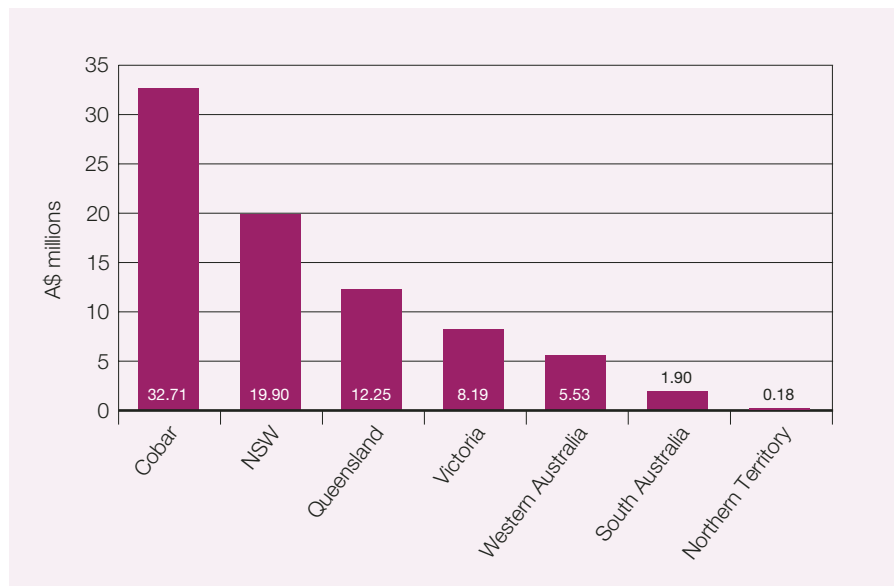
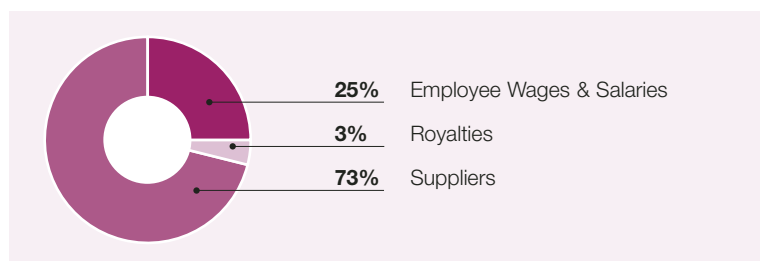


Figure 5: Distribution of PGM Operating Costs – 2006



Historic Sites and the Local Community

PGM has many historic mining sites on its leases, one of which is the Towsers Huts area. The Towsers Huts were originally built in the late 1800s and were rented by the early miners. They were built of mud and stone and, despite some attempts to restore them, remain in a dilapidated state on Peak's New Cobar mining lease.

The Cobar Shire Council's Heritage Consultant visited Peak during the year and inspected the Towsers Huts after receiving enquiries regarding their status. The consultant was impressed with the heritage value of the site and suggested that Peak undertake some site clearance to preserve their value. As a result, Peak has cleared the site of vegetation (mainly introduced peppercorn and boxthorn trees) to ensure that the root systems of the plants do not damage the remaining structures. PGM intends to keep the site in its current state for the benefit of the Cobar community in future years.



Our Community continued

Community Consultation

PGM has continued to actively engage the Cobar community in discussions of progress and plans for the future. A community meeting was held in April 2006. Approximately forty representatives from a diversity of local businesses, government and community organisations attended the meeting. The feedback was very encouraging regarding PGM's performance and plans for the future.

Following an address by the General Manager, an open forum was held during which members of the community were encouraged to discuss any issues regarding PGM's operations. There were very few items relating to the mining operation, but more about the social impacts and importance of mining to the local community. The main items raised included:

- The future of the Cobar township and community. The need for new investment in Cobar independent of mining was emphasised.
- The effect of the mine rostering schedule on families and business.
- The falling numbers of school children at Cobar schools. PGM was asked if there were any employment provisions to recruit families with school-aged children in preference to young single people.
- Peak Open Day. PGM was asked to hold another Peak Community Open Day in the future, due to the success of the previous Open Day.

PGM is committed to continuing these meetings to ensure that community expectations may be gauged and met.

With PGM intending to mine at Mt Boppy in 2007, the community of Canbelego was consulted during 2006 to determine attitudes towards the resumption of mining activities close to the town. The local people were quite positive and PGM is seeking to establish good relations with the Canbelego community through sustainable mining practices and community dialogue.

Address to Council and the Great Cobar Site

PGM is committed to the sustainability of the Cobar community. Following the 2006 Community Consultation Meeting, the General Manager addressed the Cobar council during a council meeting. He outlined PGM's vision for a sustainable Cobar in a post-mining era. The aim of the meeting was to communicate to the council the need for capacity building within the community of Cobar so that the town may sustain itself economically and socially, independent of mining.

As an example, the potential of the Great Cobar site was discussed. The Great Cobar site marks the location of the original mine in the area as well as a large copper smelter. The site is considered by the local community as Cobar's main link with its past. It has potential as a tourist attraction and possibilities for utilising the site were discussed.

To assist the community, PGM offered to sell a portion of land incorporating the Great Cobar site from its mining lease to council. The council was receptive to this initiative and is currently purchasing the land from Peak.

PGM also offered to assist by taking a leadership role in working through solutions to issues that potentially hinder investment and growth in the Cobar community.

Relationships with Indigenous Communities

During 2006, PGM approached the local indigenous representatives from Murdi Paaki Regional Enterprise Corporation to gauge interest in partnership opportunities for rehabilitation activities around the mine site. Peak is currently discussing the possibility of providing land and water for a nursery which will provide native seed, tube-stock and grass seed for rehabilitation purposes both at Peak and other areas within the region. The indigenous youth involved in the program will be provided with training in land management, seed collection and horticulture and small business management. Assistance has been provided by the Western Catchment Management Authority, a consultant and by the Technical And Further Education system. Peak is keen to further develop this relationship in 2007.



PGM has continued to actively engage the Cobar community in discussions of progress and plans for the future.



Clean-up Australia Day

For the third year in succession, PGM supported the Clean-up Australia Day initiative. The focus of the cleanup was 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 cleanup efforts. Approximately 60 people attended the 2006 cleanup. While the cleanup initiative will continue along its current route, there may be scope for additional sections of road to be added as participation rates increase.

Recycling

An important component of Peak's waste management program is the development of better and more sustainable methods of dealing with waste streams. PGM currently donates aluminium cans to a local childcare organisation with all money earned being used to purchase toys, books and other requirements. Recycling of printer cartridges, paper and cardboard was implemented during 2006 as was an improved waste segregation depot which ensures that recyclable and renewable waste items are not added to landfill.

During the year, a total waste management company approached PGM to discuss options for managing each of the waste streams at the mine. PGM is currently awaiting details of the proposal. Initial talks were positive and the potential for an increase in recycling of waste streams seems likely.

Complaints

PGM believes all complaints are serious and steps must be taken to prevent small issues from becoming larger issues. PGM receives recorded complaints via the Complaints Hotline, which is advertised in the local newspaper and manned on a twenty-four hour basis. Four complaints were received in 2006, which is the same as the previous year. Table 5 outlines the nature of the complaint and the strategies implemented by PGM to address the concerns raised.



Table 5. Complaints received by PGM during 2006

Issue Raised	Actions undertaken by PGM
Dust from New Cobar operation	<ul style="list-style-type: none"> ■ Water truck deployed immediately ■ Liaised with complainant
Excessive vibration from blast (Two complaints)	<ul style="list-style-type: none"> ■ Continued monitoring of blast and noise data ■ Stope firings designed to minimise vibration and noise ■ Readings from blast monitor were found to be well below those set by statutory authorities
Positioning of mobile crusher.	<ul style="list-style-type: none"> ■ Liaised with complainant ■ Crusher moved to more suitable position



Water

Our Environment – Water

Water Management

At the time of writing this report (February 2007), more than 90% of New South Wales was suffering under drought conditions. In 2006 drought conditions continued throughout the Cobar region with only slight relief during winter and spring. This prolonged dry period is challenging for the entire district.

Maximising water efficiency is essential under these conditions and Peak has successfully implemented several water saving initiatives over the past five years that have increased recycling rates and reduced dependency on town water supplies.

During 2006 PGM used water less efficiently than in the previous two years. This was in part due to modifications to the mill that use more water than previously. However, further recycling opportunities exist and 2007 will see an improvement after reusing water from the Chesney workings.

Late in 2006 PGM commenced using New Cobar water to supplement our raw water supply, to increase the amount of water being recycled and, in turn, reduce the amount of water taken from Cobar's raw water supply. Water from the New Cobar and Chesney mines supplements and will eventually replace raw water which is used in underground and processing operations, for vehicle and workshop wash-down and for dust suppression.



In 2006 further improvements and controls were undertaken around the site. Some of these included:

- Consistent monitoring regime implemented for recycled water. This enables Peak to inform the workforce of any irregularities in water quality. It also allows the effects of underground activities to be scrutinised in areas such as hydrocarbon management.
- Hydrocarbon management control implementation. This included the resurrection of spill kits across site in areas that were considered at risk for chemical or hydrocarbon spills. Hydrocarbon pillows were placed in sumps underground and on the surface to prevent the contamination of recycled water.
- Settling ponds management. The use of four settling ponds allows two to be used while drying the other two. To date this has been effective but some improvements to underground pumping may yet be required to reduce sediment loading.
- Building of contaminated water diversion and sump extension. The new sump was built with same capacity as the largest tank in the mill (the main CIL tank). This will allow containment of contaminated water separate from the relatively clean recycled water, in the event of a major failure of the tanks.
- The pH correction dam was decommissioned. Neutralization now takes place in the sediment ponds. The advantage of this new system is that the acid can be used to adjust the pH in the main dam. This prevents possible scaling in pipe work due to high pH in recycled waters.

Potable Water

During 2006, PGM continued its program of monitoring the potable water supplies at Peak (including underground) and New Cobar to ensure water quality complied with drinking water quality guidelines. During the year, chlorine in the potable water supplies was found to be at abnormal levels. The monitoring confirmed employee concerns about water quality which were validated by the monitoring data. The problem was traced back to the Cobar filtration plant, where it was rectified and water quality returned to normal. PGM will maintain its potable water sampling regime, and may extend the monitoring to include more parameters to ensure the health and safety of the workforce.

New Cobar Water Management

To further increase the amount of water that is being recycled at New Cobar, a series of settling cells were constructed during 2005 and commissioned in 2006. These cells are similar to those in use at PGM 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 sediment from the water. The water is then pumped to a large cement tank located at the top of Fort Bourke for re-use in the New Cobar operations.

During 2006, excess water was directed to Peak to supplement the raw water available from the shire. With the dewatering of the Chesney shaft, more water will be available to the Peak mine site. The use of underground water and more efficient recycling should be sufficient to supply Peak's entire raw water needs, thus ending Peak's dependence on the town's water supply. This is of great benefit to the community of Cobar at a time when the continuing drought and water availability are major issues.



Table 6: Water Use Efficiency

	2006	2005	2004	2003	2002
Ore Processed (tonnes)	703,000	673,000	663,000	637,000	610,000
Raw Water Usage (kilolitres)	481,140	307,000	219,000	438,000	541,000
Efficiency Index (KL water/t ore)	0.49	0.46	0.33	0.69	0.89

Peak's main water management target is to become self sufficient and thus stop drawing water from Cobar's water supply.

Tailing Storage Facility Management

PGM's Central Thickened Discharge tailing storage facility (TSF) has continued to operate efficiently over the last 12 months. Some additional management initiatives effected during the year included:

- Commissioning of the new tailing line took place during 2006. The new line is approximately 300m shorter than the original line and provides more discharge options within the TSF. The reduced flow and pressures on the pump may potentially enable the density of the discharge to be increased to further reduce the amount of water consumed in the discharge process.
- The north-western extremities of the tailings facility were filled or 'iced' in an effort to prevent storm water ponding in those low-lying areas. Ponding on the TSF, particularly on areas of natural ground, can be persistent and attract

wildlife. Adding tailing material to the pond areas fills the depression and soaks up the storm water or supernatant, making it unavailable to wildlife.

- A groyne was built to slow storm water as it flows down the western side of the dam. In the past, some erosion has led to problems in that area. If the groyne is successful in reducing the speed of flows, another may be built during 2007, depending on how successful the initial groyne is found to be.
- The spine and ramp were both raised and extended during 2006. This allows greater coverage of the TSF surface for dust suppression and greatly increases the life of the TSF. A study into the available capacity, and hence life, of the TSF will be completed during 2007.
- A Safety Audit was completed by an independent engineer during 2006 with no major issues being found regarding the safety and integrity of the dam.

2007 Water Management Targets

- Continue monitoring recycled and potable water and its suitability for different uses.
- Implement improvements resulting from Dam Safety Audit.
- Continue investigations into reducing water consumption/ improving recycling activities with a target of drawing no raw water from the Cobar water supply.
- Review TSF storage capacity.
- Look for further opportunities for operation and closure of the Peak TSF.



Figure 6: Rainfall

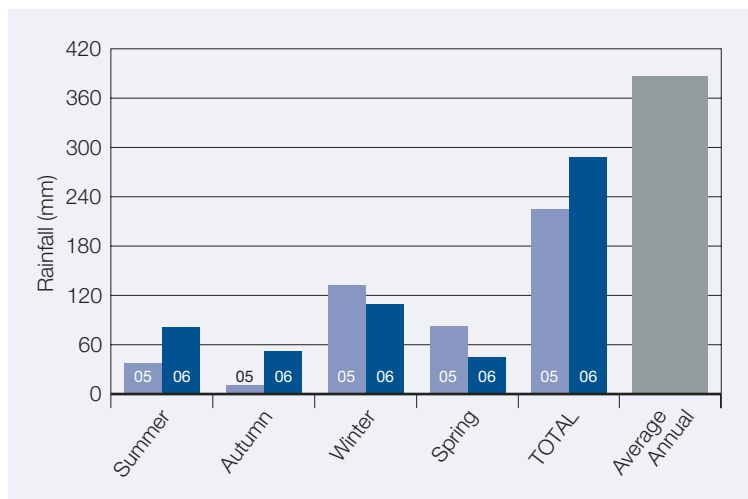
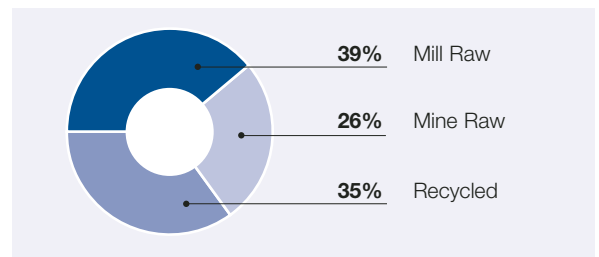


Figure 7: PGM Water Usage – 2006



Notes:
 1 Recycled water includes water from dewatering activities.
 2 New Cobar dewatering activities are not included here, however the use of raw water by New Cobar mining activities is included.
 3 Raw water used by mining is recycled via the mine dewatering system.



Our Environment – Land

Biodiversity

The Peak mine is located in Central West New South Wales in gently undulating, semi arid country. The region has been cleared of original vegetation for many years and is now predominantly used for cattle grazing. The area was extensively cleared and mined during the last century and early this century. Peak has assumed responsibility for rehabilitating historic mine sites on its leases and has completed rehabilitation of some of these sites.

Mining operations at Peak are controlled by an approved Environmental Impact Assessment (EIA) which serves as a baseline for mining operations and environmental monitoring.

The EIA found that there were no protected or biodiversity-rich areas within the proposed area of operation, no wetlands of international significance, endangered flora or fauna or other areas of ecological significance.

The company has completed and continues to research revegetation and tree plantings, useful local flora species, weed control and acid drainage prevention. Details of some of these programs are outlined in this report.

Peak is currently developing a Land Management Plan that incorporates weed control, erosion control, bushfire prevention and control of feral animals. The plan is due for completion in 2007.

Peak Mine Site

2006 was a year of continual improvement for the site. The focus of environmental activity was on raising the environmental awareness of employees and contractors. In addition, major site improvements completed during the year included:

- Sealing areas of the plant where dust has been an issue.
- Improvements to the management of the surface fuel bay.
- Improvements to dangerous goods storage and management.
- New waste segregation facility.
- Spill kits placed in areas considered to have a higher risk of oil or chemical spill.
- Water truck provided for use at Peak.

Peak uses a centrally thickened discharge to form a 'dry-stack' of tailing. The tailings facility is now approximately 80 hectares in surface area and contains approximately 10.2 million tonnes of tailing material. While a 'dry stack' dam has many advantages in terms of reduced water usage, stability and rehabilitation, some challenges remain with regard to management of the dam. During 2006, work was carried out to reduce erosion, ponding and dust emissions as well as reducing the wear and load on the tailing pumps.

In addition to the work completed above and outlined in the previous section under the heading 'Tailing Storage Facility Management', Peak carried out additional studies on tailing material to determine the chemical characterisation of the tailing and the most appropriate vegetation for planting at closure.

This included:

- Chemical characterisation of tailing material. Testing was carried out by a consultant on samples taken at various depths and locations within the tail dam perimeter. This determines the chemical and geochemical properties of the tailing material that will enable modelling of major contaminants after closure and rehabilitation. The study will confirm the decisions made regarding the adequacy of the currently proposed closure plan.
- The formation of oxide tailing trial plots. These trial plots are intended to provide an alternative for rehabilitation at closure. The inert oxide tailing material may provide an effective barrier over the acid-forming sulphidic tailing below, while providing a growth medium for plant species. There are three trial plots of varying depths. The trial will involve topsoiling of the plots and seeding with different native species to find the most appropriate vegetation for planting at closure.

Topsoiling and seeding both the waste rock trial and oxide tailing trial plots were again delayed in 2006 due to the continuing drought conditions and lack of available seed. PGM plans to remain part of a 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 more detailed field work to determine water uptake within cover systems, accurate water balance models and techniques for construction of store and release cover systems. The project will run for approximately four years and will likely commence in 2007.

Table 7: Rehabilitation of Current Operations

Location	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	6,774
New Cobar	38	11.5	26.5	592
New Occidental Mine	2	2	0	#
Perseverance Mine	1	0	1	36
TOTAL	154	13.5	140.5	7,402

* Based on 2006 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

In 2006 Peak carried out additional studies on tailing material to determine the most appropriate vegetation for planting at closure.

New Cobar

During 2006 rehabilitation activities were centred on the waste rock dump. The rehabilitated area was enlarged with the extension of battering along the eastern edge of the dump. The waste rock close to the central void (intended for any sulphidic material that may be encountered during mining) was shaped in such a way as to shed water to the perimeter of the dump. This 'doming' restricts water movement toward the sulphidic waste in the central pit. In 2007, the completed batter and domed waste rock will be topsoiled and later, seeded with suitable native species.

In 2006, work commenced on extending the western noise-bund, following feedback from neighbouring residents. It is envisaged that this work will be completed in 2007 and will provide further improvements in the environmental performance of the New Cobar mine.



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	10
Great Cobar	31	0	31	25
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	650
Queen Bee	16.82	16.82	0	16
TOTAL	100.05	31.12	68.93	1,232

* Based on 2006 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.

Table 9: Environmental Incidents

Level		Spills					Total 2006	Total 2005
		Chemical	Slurry	Hydro-carbon	Process Water	Water		
1	Containment Within Sealed Bunds	–	–	3	–	–	3	1
2	Containment Within Earthen Structures	–	3	–	–	–	3	9
3	Containment Onsite (Disturbed Areas)	–	–	2	–	1	3	1
4	Containment Onsite (Undisturbed Areas)	–	–	–	–	–	–	2
5	Offsite Releases	–	–	–	–	1	1	–



Our Environment – Land continued

In 2004, a one-hectare irrigation trial was established on the waste dump and planting of native trees 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. During 2006, a survival rate survey was conducted to find out how many of the 900 trees planted in the previous autumn had survived. The survival rate was surprisingly low at 25%. However, the trees that survived were very healthy and had grown considerably in the short time frame. Weeds may have been responsible for the low survival rate as they may have choked the majority of the tube stock.

In spring 2006, Peak called on the assistance of the WIRES group to help plant 300 trees for a cash donation to the organisation. These trees were planted to replace those that had not survived after the previous tree-planting in 2005, particularly on the lower slopes. As the best surviving plants from the previous planting were the species *Eucalyptus populnea* (locally known as bimble- box), the majority of replacement trees were of this variety. Another vegetation survey will be conducted in 2007.

Occidental Historic Area

During 2006, no new work was conducted at the surface of the Occidental mine site. However, planning for the rehabilitation of the Southern Occidental TSF has commenced. The rehabilitation will include removing the remaining historic tail spill and combining it with the tailing dump. The slopes will then be battered to less than 20 degrees and covered with half a metre of inert waste rock. Drainage structures will be designed to prevent any slipping of material from the slope faces. The rehabilitation work is due to commence in 2007.

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 production finally ceased in 1919. The area remained largely untouched until 2000 when

PGM commenced rehabilitating the site. The rehabilitation 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 2006. However, Peak is still negotiating with the Department of Primary Industries over the final closure requirements. The remaining rehabilitation works will be completed upon agreement of these requirements.

Weed Management

As a major land-holder in the district, PGM recognises that it is obliged to ensure the land does not harbour weed species that may affect neighbouring properties. During 2006, the Cobar Shire Council Weeds Officer toured the site assisting PGM to identify and target those weed species considered a priority from both a legal and local perspective.

One major pest species, African Boxthorn (*Lycium ferocissium*) 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 2006 PGM in conjunction with the council and a neighbouring property, eradicated African Boxthorn from a parcel of Peak-owned land to the south of Cobar. Funding for the eradication of boxthorn was made available through the Western Catchment Management Authority (WCMA) incentive scheme. The funding was sought in conjunction with applications from the Cobar Shire Council and surrounding landowners. The collaborative approach was aimed at increasing the effectiveness of weed control measures to prevent the spread of boxthorn onto adjacent properties. The eradication has proven a success with very little follow-up spraying required in the areas treated. Further spraying of African Boxthorn is planned for 2007.

Another weed species targeted during 2006 was the cactus, Devil's Rope (*Cylindropuntia imbricata*). This plant forms dense clumps that are completely impenetrable to almost all animal life and possesses sharp spines capable of penetrating thick leather gloves. Pockets of Devil's Rope were found on Peak lands. The cactus is eradicated using a biological agent – a mealy bug that feeds exclusively on the host plant. With the aid of Cobar Shire's Weeds Officer, a sample of the mealy bug was obtained and domiciled on the Devils Rope. As the mealy bug cannot live away from the host plant, it must be manually spread. It can take up to twelve months to eradicate a large cactus using this method, but it is very effective and chemical-free. Further monitoring and controlling of Devil's Rope is planned for 2007.





In 2006 Peak prepared an Energy Saving Action Plan outlining initiatives to further reduce energy consumption.

Our Environment – Air

Greenhouse Gas Emissions

During 2006, as part of a NSW government initiative aimed at reducing energy consumption among high-energy users, PGM compiled an Energy Saving Action Plan. As Peak was identified as a major consumer of power in NSW by the Department of Energy Utilities and Sustainability (DEUS), Peak was compelled to submit an action plan to the standard set by the Department. The plan outlines improvements that have been, or will be implemented, to reduce energy consumption. Formulation of the plan encouraged a complete review of the company's approach to energy consumption by using a management review system to highlight the shortcomings of the business in relation to energy consumption. The Peak Energy Savings Action Plan was accepted by DEUS in November.

PGM has already incorporated several initiatives into its business that have resulted in greenhouse gas reductions and cost savings including:

- Upgrade of dewatering pumps – potential savings of \$7,358 and 207 tonnes of CO₂ per year.
- New tailing line – potential savings of \$9,021 (with \$43,000 in maintenance savings) and 127 tonnes of CO₂ per year.
- Optimisation of the New Occidental vent fan – potential savings of \$42,942 and 604 tonnes of CO₂ per year.

Energy use and associated greenhouse gas emissions for 2006 are shown in the Outputs Table at the back of this report.

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 2006, no vibration levels (including overpressure) exceeded the requirements defined by the EPA, despite some of the largest designed blasts in the history of underground mining at Peak. PGM has

increased spending on design of larger blasts and, as a result, has improved the resultant vibration. During 2006 the Blast Management Protocol was amended to include the environmental controls associated with blasting.

Average noise monitoring data for 2006 also complied with the EPA requirements. However, a faulty monitor led to data being lost for a two-week period. This was repaired in June. To further improve data collection and interpretation, a weather station was installed at the site early in 2006. The station is used to discount any abnormal readings that are recorded due to climatic factors. Climatic factors such as wind speeds greater than 3m/s or strong temperature inversions are known to elevate noise levels.

Dust

2006 saw the continuation of drought conditions throughout the region with only slight relief during winter and spring. This prolonged dry period provides challenges in dust management, not only for PGM, but also for the entire district.

As part of its licensing requirements, PGM maintains a regime of 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 to the New Cobar site. All samples are analysed by an independent laboratory acceptable to the authorities and results are reported on an annual basis. Overall results have shown a reduction in dust levels in 2006 compared with 2005, with a particularly pleasing drop at the boundaries of properties neighbouring New Cobar. A significant reduction was also evident at some of the problem locations in the past, such as the area near the mill.

Dust suppression initiatives which were implemented in 2006 and which contributed to the improved performance included:

- Sprinkler systems 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 at the Peak and New Cobar site to minimise dust on haul roads and ensure that our neighbours are not affected by poor air quality.
- Identifying and sealing areas of high traffic use.
- Washing tarred roads regularly.
- Preventing vehicle access to dust prone areas.
- Sealed the road between Canbelego and the Barrier Highway in conjunction with Cobar Shire Council, which greatly improved air quality for local residents.

Of particular note is the improvement made to the mill area. Sealing the area around the mill with bitumen has been a great success, not only aesthetically but also in reducing dust levels.

In December 2006, Peak allowed the Shire and a local earthmoving contractor to use some of its water from dewatering activities at New Cobar for dust suppression around the town. This action not only resulted in cleaner air for the community but also ensured that there was more water available for town use.

Table 10: Noise Monitoring Data (Dellavale monitoring station)

Period	Number of Records	Average L10A-15 (dBA)	Prescribed Limit (dBA)	Compliant
Day	6,631	31.9	45	Yes
Evening	2,176	28.7	40	Yes
Night	9,556	29.8	35	Yes



Peak Gold Mine's intensive exploration and evaluation program will carry on into 2007, aimed at extending the known gold and copper resources, identifying new resources and, in turn, extending the mine life.

Our Future

Exploration and Mine Life

Significant exploration was conducted in 2006 with approximately 16,000m of exploration and evaluation drilling completed. The areas drilled during 2006 included: below the original Peak into Peak Deeps, New Occidental ore, Perseverance Zone D, Perseverance Hulk and Hercules ore bodies, Cobar Lucknow EL5933, Mountain Tank on Cable Downs EL6402, Mafeesh EL6149 and Rookery South EL6147.

Drilling conducted at Perseverance Zone D continued to return high grade gold and copper intersections and exploration drilling has been scheduled to continue in 2007. The Perseverance mineralisation remains open at depth. The Hercules and Hulk lenses at Perseverance also have significant potential to expand and provide additional resources in ore positions parallel to Perseverance. At the Chesney deposit, following positive results from 2004/05, further deep exploration drilling is planned in 2007.

A number of additional regional exploration programs were also conducted to test the enormous potential of the Cobar Region. Several significant geophysical and geochemical targets were identified in the Rookery South tenement with follow up diamond drilling underway to test these targets. Geophysical surveys were also completed over the Norma Vale, Mafeesh and Cobar Lucknow prospects. Initial drill testing of the Mafeesh geochemical and geophysical targets was completed, with the results confirming the geochemistry. Further deeper drilling is planned for Mafeesh. The geophysical survey at Norma Vale produced significant responses worthy of further evaluation. The Cobar Lucknow anomalous geophysical responses were tested with shallow drilling, which produced several intercepts of anomalous gold values.

Peak Gold Mine's intensive exploration and evaluation program will carry on into 2007, aimed at extending the known gold and copper resources, identifying new resources and, in turn, extending the mine life.

Planned Projects

2007 will be an exciting year for Peak. Several major projects are planned which will bring benefits not only for Peak but for the community of Cobar as well. These projects include:

- Boxcut and decline at the Peak.
- Mining of the Mt Boppy open cut.
- The development of the Chesney mine.

Closure Planning

As part of PGM's forward planning, provision must be made for the ultimate closure of operations. The need for closure planning is driven both internally by Goldcorp corporate policies and externally by the Department of Primary Industries and the community of Cobar. It is PGM's vision that the land used during mining operations is returned to a state that is similar to what it was prior to mining as a minimum standard. Historic sites are to be returned to a state that is an improvement from when PGM took over the mining lease. PGM is legally obliged to leave the land in a state that is acceptable to the Department of Primary Industries.

While PGM looks to further extend mine life, it is in the interests of PGM and the wider Cobar community, that progressive rehabilitation is conducted on land that is no longer required for operations. This not only enables PGM to gauge the success of rehabilitation before the cessation of operations, but also allows us to ensure that community and regulator expectations are met.

During 2006, PGM undertook a detailed review of its closure plan and associated costs. We adopted an itemised approach to calculating rehabilitation costs for all of our sites. This is important from an accounting perspective as provision can be made for the liabilities associated with each site. A tentative schedule for implementing different rehabilitation programs was also developed. The plan and costs will continue to be reviewed and updated annually to ensure new initiatives are incorporated.





In 2006, Peak again achieved record mill throughput, which increased by 5% over 2005 (the previous record) to 703,000 tonnes. Copper grade increased by 15% compared with 2005. Gold production was 122,585 ounces and copper production was 2,990 tonnes.

Resource Inputs and Outputs

INPUTS

Water (ML)

	2006	2005	2004	2003	2002
Raw water	449	460	498	581	445
U/G water	229*	439	415	624	445
Potable water	32	16	15	11	11

Energy Use

Grid demand (MWh)	51,699	55,296	49,031	51,314	46,714
Diesel fuel – mobile sources (KL)	2,128	2,025	1,718	2,968	2,800
LPG (t)	135	151	146	125	245
Petrol (KL)	10	11	17	21	48
Explosives (t)	726	626	1,233	1,101	1,773

Ore

Ore mined (t)	558,897	533,942	573,389	1,050,000	738,000
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OUTPUTS

CO₂ emissions (tonnes)

From electricity	50,923	51,923	46,040	48,185	45,219
From diesel	6,562	5,464	4,634	4,385	7,553
From LPG	446	444	431	369	735
From explosives	119	103	202	180	290
From petrol	25	20	39	48	107

Products and Waste

Gold (ounces)	122,585	133,412	142,703	112,503	97,035
Copper (t)	2,990	2,546	3,038	1,637	449
Milled tailing (t)	703,000	659,773	647,737	637,000	610,000





Annual Sustainability Target Review

Target for 2006

Environment

Finalise remaining process water dam and drainage works to ensure all water qualities are separated and maintained in appropriate holding facilities.

Commence progressive clean up of tailings material from around New Occidental site. Complete stabilisation works as required.

Complete rehabilitation works on Queen Bee lease.

Rehabilitate mine shafts on Queen Bee lease (CML9).

Determine success of rehabilitation at New Cobar waste rock dump.

Continue focus on water management and the need to reduce consumption wherever possible.

Commence monitoring performance of oxide trial plots to determine effectiveness of the alternate cover materials.

Incorporate review of storage capacity in external tailings dam audit.

No environmental complaints.

Zero non-compliances.

Community

Hold community consultation meeting in the first quarter of 2006.

Performance in 2006

Process water runoff kept separate from recycled water. Monitoring regime instigated to ensure recycled water quality is fit for use.

Not completed. This will be part of the rehabilitation of Southern Occidental Tail Dam.

Not completed. Some direction regarding closure criteria needed from DPI.

Not completed. Some direction regarding closure criteria needed from DPI.

Survival rate measured at 25%. 300 more trees planted.

New Cobar sediment ponds commissioned. Water from dewatering activities at New Cobar directed to Peak and New Cobar.

Oxide tailing trial plots established. Trial plots prepared for topsoiling. Monitoring is continuing but dry conditions and lack of available seed has delayed start of 'store and release' vegetation trial.

Dam Safety Audit complete and survey of tail dam complete. The review of the tail dam storage capacity has not been completed.

Four complaints registered.

Two non-compliance incidents recorded relating to noise measurement. No complaints during the periods in question and no action taken by EPA.

Community meeting held in March to discuss PGM's 2005 performance and its plans for the coming 12 months.

Target for 2007

Continue water monitoring and investigate improving quality. Investigate improvements in reducing solids in mine dewater.

Target reset for 2007.

Target reset for 2007.

Target reset for 2007.

Study to determine quantitative and qualitative survival rate to be conducted.

Commence Chesney dewatering so that Peak is completely self-sufficient in water usage.

Commence 'store and release' cover system trial by topsoiling trial plots and growing various vegetation types. Monitor the plots to gauge success of growth and prevention of water ingress.

Review of the tail dam capacity to be completed.

Commence the rehabilitation of the Southern Occidental Tail Dam.

Improve waste management on site.

Commission a Dangerous Goods audit for Peak and New Cobar sites.

Incorporate Energy Savings Action Plan activities into Peak management strategies.

No environmental complaints.

Zero non-compliances.

Hold community consultation meeting in the first half of 2007.

Investigate potential partnerships with indigenous organisations.

Promote the ideals of the long term sustainability of Cobar such that reliance on mining is reduced.

Target for 2006	Performance in 2006	Target for 2007
<p>Safety</p> <p>LTIFR = 0.92 (10% reduction of last 12 months actual figures).</p> <p>AIFR < 7.9 (10% reduction of last 12 months actual figures).</p> <p>Develop a site safety database.</p> <p>Ongoing training in risk assessments, incident analysis, audits and inspections.</p> <p>Prioritise management emergency response training</p> <p>Revise ticketing process to ensure competency.</p>	<p>Target not achieved (LTIFR = 1.57).</p> <p>Target achieved (AIFR = 7.21).</p> <p>Achieved. Database developed and Implemented.</p> <p>Achieved. Extensive focus on hazard identification and incident investigation across the entire operation.</p> <p>Achieved. Significant emergency training undertaken in 2006 and a full review of the disaster plan was undertaken.</p> <p>Achieved. A complete review of training modules was undertaken during 2006.</p>	<p>Maintain a LTIFR of <1.41.</p> <p>Maintain an AFIR of < 6.49 (10% of previous 2006 actual figure).</p> <p>Continue to utilise the database to understand trends and improve safety performance</p> <p>Focus on behavioural based safety observation and continue to provide refresher training in risk management.</p> <p>Undertake an emergency exercise to test the disaster plan and seek independent feedback on our emergency procedures to improve where necessary.</p> <p>Conduct a review of all operational procedures.</p> <p>Provide further opportunities for employee consultation through a site safety committee to improve safety performance.</p>
<p>Geology</p> <p>Upgrade New Occidental Deepes to Indicated Status.</p> <p>Prepare Chesney sulphide resource for Feasibility Study.</p> <p>Continue exploration and evaluation of Perseverance Zone D.</p> <p>Continue to test high priority mine corridor targets.</p> <p>Continue to develop and test regional targets.</p>	<p>Only completed between the 94-96 Levels. Lack of appropriate drill sites hindered progress.</p> <p>Sulphide Resource estimate completed plus Cu sensitivity study.</p> <p>Continued to test depth extension to mineralisation and upgraded significant proportion from Inferred to Indicated status.</p> <p>Not completed. Only tested one target at Comstock. Concentrated on evaluation drilling of known mineralisation and developing regional exploration targets, such as Rookery South, Cobar Lucknow, Mafeesh and Norma Vale.</p> <p>Exploration focused on the Rookery south project with several high priority targets generated. The Mafeesh, Norma vale and Cobar Lucknow prospects were also tested.</p>	<p>Target reset for 2007. Delineation drilling to the base of the first mining panel to commence in early March.</p> <p>Test the extension of the current resource at depth.</p> <p>Continue exploration of Zone D at depth.</p> <p>Target reset for 2007. Drilling to occur at Chesney, Young Australia/Mt. Pleasant, Peak Uppers and Jubilee (North of New Cobar).</p> <p>Continue testing high priority targets in Rookery South and developing additional targets. Further drill testing of targets at Mafeesh and Norma Vale.</p>
<p>Operations</p> <p>Production target of 130,000oz gold</p> <p>Maximise mill throughput to 750,000 tpa.</p> <p>Purchase the Mt Boppy open cut.</p> <p>Design and justify decline for approval.</p>	<p>Not achieved. Production was 122,585 oz.</p> <p>Not achieved. Mill throughput was 703,000 tonnes.</p> <p>Achieved and developed a plan to mine.</p> <p>Achieved.</p>	<p>Production target of 120,000oz gold.</p> <p>Target is 730,000 tonnes increasing to 750,000 tonnes in 2008.</p> <p>Start the Mt Boppy pre-strip in May 2007 for production in 2008.</p> <p>Complete the surface decline by the end of 2007.</p>



GRI Indicator Table

1 STRATEGY AND ANALYSIS

- | | | |
|-----|---|----|
| 1.1 | Statement from the most senior decision maker of the organisation about the relevance of sustainability to the organisation and its strategy. | SR |
| 1.2 | Description of key impacts, risks and opportunities. | SR |

2 ORGANISATIONAL PROFILE

- | | | |
|------|--|-------|
| 2.1 | Name of the organisation. | SR |
| 2.2 | Primary brands, products and/or services. | GW PW |
| 2.3 | Operational structure including main divisions, operating companies, subsidiaries and joint ventures. | GW PW |
| 2.4 | Location of organisation's headquarters. | GW |
| 2.5 | Number and name of countries where the organisation operates. | PW GW |
| 2.6 | Nature of ownership and legal form. | GW |
| 2.7 | Markets served including geographic, sectors and customers. | PW |
| 2.8 | Scale of the reporting organisation including:
<ul style="list-style-type: none"> ■ number of employees ■ net sales ■ total capitalisation broken down in terms of debt and equity ■ Quantity of products provided. | SR |
| 2.9 | Significant changes during the reporting period regarding the size, structure or ownership. | SR |
| 2.10 | Awards received in the reporting period. | SR |

3 REPORT PARAMETERS

Report Profile

- | | | |
|-----|---|-------|
| 3.1 | Reporting period (eg. fiscal/calendar year) for information provided. | SR |
| 3.2 | Date of most recent previous report. | SR GW |
| 3.3 | Reporting cycle (annual, biennial etc). | SR GW |
| 3.4 | Contact point for questions regarding the report. | SR PW |

Report Scope and Boundary

- | | | |
|------|--|----|
| 3.6 | Boundary of the report (eg countries, divisions, JVs) | SR |
| 3.10 | Explanation of the effect of any re-statements of information provided in earlier reports. | SR |
| 3.11 | Significant changes from previous reporting periods in the scope, boundary or measurement methods. | SR |

GRI Content Index

- | | | |
|------|---|----|
| 3.12 | Table identifying the location of the Standard Disclosures in the report. | SR |
|------|---|----|

4 GOVERNANCE, COMMITMENTS AND ENGAGEMENT

Governance

- | | | |
|-----|--|-------|
| 4.1 | Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks. | PW GW |
| 4.2 | Indicate whether the Chair of the highest governance body is also an executive officer. | GW |
| 4.3 | For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent. | GW |
| 4.4 | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. | GW |
| 4.8 | Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation. | GW |

Commitments to External Initiatives

- | | | |
|------|---|-------|
| 4.12 | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses. | SR GW |
| 4.13 | Memberships in associations (such as industry associations), and/or national/international advocacy organisations. | SR GW |

Stakeholder Engagement

- | | | |
|------|--|----|
| 4.14 | List of stakeholder groups engaged by the organisation. | SR |
| 4.15 | Basis for identification and selection of stakeholders with whom to engage. | SR |
| 4.16 | Approaches to stakeholder engagement, including frequency of engagements by type and by stakeholder group. | SR |
| 4.17 | Key topics and concerns that have been raised through stakeholder engagement. | SR |

5 MANAGEMENT APPROACH AND PERFORMANCE INDICATORS

Economic Performance Indicators

Aspect: Economic Performance

- | | | |
|-----|---|----|
| EC1 | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, community investments and payments to capital providers and governments. | SR |
|-----|---|----|

GLOBAL REPORTING INITIATIVE (GRI)
Sustainability Reporting against the GRI
Sustainability Reporting Guidelines (G3)

5 MANAGEMENT APPROACH AND PERFORMANCE INDICATORS continued

Economic Performance Indicators	
<i>Aspect: Market Presence</i>	
EC6	Policy, practices and proportion of spending on locally based suppliers at significant locations. SR
<i>Aspect: Direct Economic Impacts</i>	
EC8	Development and impact of infrastructure investments provided primarily for public benefit. SR
EC9	Understanding and describing significant indirect economic impacts including the extent of impacts. SR GW
Environmental Performance Indicators	
EN1	Materials used by weight or volume. SR
<i>Aspect: Energy</i>	
EN3	Direct energy consumption by primary energy source. SR
EN7	Initiatives to reduce indirect energy consumption and reductions achieved. SR
<i>Aspect: Water</i>	
EN8	Total water withdrawal by source. SR
EN9	Water sources significantly affected by use of water. SR
EN10	Percentage and total volume of water recycled. SR
<i>Aspect: Biodiversity</i>	
EN11	Location and size of land owned, leased or managed in or adjacent to high biodiversity value habitats. SR
<i>Aspect: Emissions, Effluents, and Waste</i>	
EN16	Total direct and indirect greenhouse gas emissions. SR
EN17	Other relevant indirect greenhouse gas emissions. SR
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved. SR
EN19	Emissions of ozone-depleting substances by weight. NPI
EN20	NO _x , SO _x , and other significant air emissions by type. NPI
EN21	Total water discharge by quality and destination. NPI
EN23	Total number and volume of significant spills. SR

<i>Aspect: Compliance</i>	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non compliance with environmental laws and regulations. SR
<i>Aspect: Transport</i>	
EN29	Significant environmental impacts of transporting products, goods and the workforce for the operations. NPI
Social Performance Indicators	
<i>Labour Practices and Decent Work</i>	
<i>Aspect: Employment</i>	
LA1	Total workforce by employment type (full-time/ part-time), employment contract and region. SR
<i>Aspect: Occupational Health and Safety</i>	
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work related fatalities by region. SR
LA8	Education, training, counselling, prevention, and risk control programs in place to assist workforce members, their families or community members regarding serious diseases. SR
<i>Aspect: Training and Education</i>	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. SR
Society	
<i>Aspect: Community</i>	
SO1	Nature, scope and effectiveness of any programs and practices that assess and manage the impacts of operations on communities. SR
<i>Aspect: Compliance</i>	
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. SR

- GS = Goldcorp annual report
- SR = Peak Sustainability Report
- GW = Goldcorp web site (www.goldcorp.com)
- PW = Peak website (www.peakgold.com)
- NPI = National Pollution Inventory (www.npi.gov.au)



Peak Gold Mines

PO Box 328
Cobar NSW 2835

Phone +61 (0)2 6830 2265

Fax +61 (0)2 6836 2999

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@peakgold.com

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@peakgold.com

From 1 April 2007, Jim Simpson is the Chief Operating Officer of the new PeakGold company and Peter Lloyd is the Mine General Manager of the Peak Gold Mine operation.



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