

GOLDCORP MEXICO

THE PRECIOUS HEART OF THE AMERICAS



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Goldcorp has grown from a mid-sized gold company to the world's number one gold producer by market capitalisation through a broad-based strategy: its Mexican operations provide an ever-growing pipeline of gold, silver and other metals to keep it there

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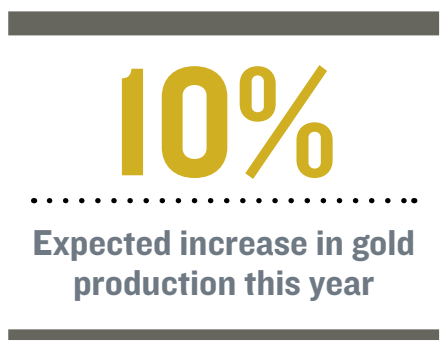
As one of the world's fastest growing senior gold producers, with operations and development projects located in some of the safest and most stable countries in the Americas Goldcorp is riding on the crest of a wave. Its operating assets include five mines in Canada and the USA, three in Mexico, and three across Central and South America, namely the Marlin mine in Guatemala, Alumbreira in the Argentine, and its newest and largest project Pueblo Viejo in the Dominican Republic.

Goldcorp has the critical mass and enough reserves to cope with the current vagaries of the gold price. At a time when many other companies are feeling the pinch it has been able to focus on financial discipline, to continue to fund growth projects while cutting back for the time being on exploration, to defer capital projects where necessary, and to reconfigure higher cost mines.

This far sighted contingency planning has enabled it to keep its position as the only North American senior to deliver year on year growth and to deliver strong results in a challenging market: in 2012 Goldcorp produced 2,396,200 ounces of gold, only a little down on the 2011 figure. However this year it expects to at least equal its 2011 production level of 2,514,700 ounces, with aggressive growth forecast in the five-year period. By 2017, if it can stay on track it should be producing in excess of four million ounces of gold annually.

Goldcorp is a Canadian company headquartered in Vancouver, British Columbia. It employs more than 16,000 people globally, and in Mexico provides employment, directly or indirectly, for well over 5,000 people. Mexico is a natural fit for the company's strategy of sticking to low risk jurisdictions. It has been the world's major source of silver metal since its invasion by the Spanish in the 15th century, well ahead of its nearest rivals China and Peru, so mining is an industry that is well understood. It has plenty of gold too, ranking 11th in the world. And today's Mexico is among the countries in the world with the lowest political and social risk, despite its well publicised drug wars, a factor that makes Goldcorp attractive to investors even at a time of uncertainty in the metal markets.

Goldcorp first came into Mexico in 2005 when it merged with Silver Wheaton and acquired El Sauzal, a low cost mine located near the town of Urique in Chihuahua state in the western part of Mexico's Sierra Madre mountain range. El Sauzal has been producing since 2003 since when it has yielded more than 1.5 million ounces, however it is now reaching the end of its life and Goldcorp is preparing the community there for life after mining. There's a chance that more gold can be extracted yet. Exploration efforts are focused on identifying new gold reserves to extend the mine life beyond 2014. The Trini pit is expected to provide more than 218,000 ounces of gold in two phases. The environmental permit for the



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first stage of stripping has been issued, and exploration for potential reserves continues in the surrounding areas.

Going forward, El Sauzal will continue to work on a sustainable development strategy that benefits surrounding communities, such as hydroponic crops, which additionally will help to reduce water consumption in the arid climate of the region. A Train-for-the-Work strategy will help people to

get free training in high-demand skills, such as welding and mechanics.

The company's second mine in Mexico is Los Filos, 1,700 metres up in the mountainous terrain of central Guerrero state near the town of Mezcala. It is one of the largest open pit mines in the country as well as an underground mine, with common heap leaching, wet plant and ancillary facilities. Commercial production for Los Filos open pit operation commenced on January 1, 2008, and since 2009, Los Filos has been Mexico's largest gold producer. Operations started in 2007, after Goldcorp had developed the



Goldcorp in the community of Peñasquito

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Ounces of projected gold production at Peñasquito mine in 2013

project from the single Los Filos pit to a two-pit mine when Goldcorp acquired the El Bermejil deposit in early 2005—well after having the design and development plans ready for the single Los Filos pit.

2012 gold production at Los Filos was a little up on the previous year, at 340,400 ounces, and new exploration continues to support the potential for significant new reserves in the current open-pit and

underground operations as well as in the new 4P project located on a ridge to the west of the Los Filos pit. The plan is to develop an open pit mine that will be integrated into existing operations as well as testing further potential underground. The underground mine in operation is a supplementary source of production at Los Filos, so there's considerable upside potential at this site, with recent exploration

“PEÑASQUITO IS A GREAT MINE THAT IS ALREADY GENERATING OUTSTANDING FINANCIAL RETURNS AND WHOSE STRONGEST YEARS LIE AHEAD”



Drilling at Peñasquito



Peñasquito worker and haul truck

showing that both Los Filos and El Bermejil pits could be extended. “Los Filos, remains a reliable producer, and we are testing the potential for further expansion of its production rate,” says Goldcorp’s President and CEO Chuck Jeannes.

However the jewel in Goldcorp’s crown, at least as far as Mexico is concerned, is the Peñasquito mine, which achieved commercial production in 2010. This a true polymetallic resource, which in addition to producing up to 400,000 ounces of gold in 2013 is expected to yield between 208 and 305 million pounds of zinc, between 145 and 160 million pounds of lead and over 20 million ounces of silver. The Peñasquito mine is in fact the fifth largest silver mine in the world and the second largest in Mexico. Jeannes’

assessment: “Peñasquito is a great mine that is already generating outstanding financial returns and whose strongest years lie ahead.”

His confidence is not surprising. Set in a flat valley high in the Central Plateau, in north-eastern corner of the State of Zacatecas Peñasquito promises to become Mexico’s largest open pit mine, consisting of two open pits, Peñasco and Chile Colorado. Additionally, exploration has already shown that later in the mine life, which is pegged currently at 22 years, there could be significant reserves below the current pits. Peñasquito provides jobs for nearly 2,700 people, and to serve the mine Goldcorp has helped to set up a technical college where the mechanical and electrical technicians of the future are trained.

With the high degree of mechanisation

that mines have adopted the barriers to women working alongside men are rapidly disappearing and Goldcorp's female employees receive exactly the same benefits as their male colleagues. The company's responsible mining policies have not gone unnoticed in Mexico. Last year the Mexican Centre for Philanthropy and the Alliance for Corporate Responsibility (CEMEFI) recognised Goldcorp Mexico for the fifth consecutive year, noting it for excellence in Ethical Conduct, Environmental Stewardship & Community Engagement. Additionally, for the second consecutive year the Mexican Mining Chamber gave the Los Filos mine its annual safety award in recognition of its excellent safety record.

"We enter 2013 with a spirit of excitement and optimism," said Jeannes as he predicted a ten percent rise in gold production to between 2.5 and 2.8 million ounces this year, rising to more than four million ounces by 2017. To achieve its goals, he added, Goldcorp remains focused on five key attributes: growth; low cash costs; maintaining a strong balance sheet; operating in regions with low political risk; and conducting business in a responsible manner. Even if the recent hiccoughs in the gold market prove, as many believe, to be a temporary phenomenon the Canadian senior remains a dominating player in the market, with enough mineral diversification to see it through. **BE**

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