



# MiningWatch Canada

---

## Mines Alerte

Suite 508, 250 City Centre Avenue, Ottawa, Ontario, Canada K1R 6K7  
tel. (613) 569-3439 — fax: (613) 569-5138 — [info@miningwatch.ca](mailto:info@miningwatch.ca) — [www.miningwatch.ca](http://www.miningwatch.ca)

## Goldcorp Analysis

September 2007

Given the rapid pace of mergers and acquisitions that Goldcorp has made over the last few years, it is too early to see how the new expanded company will behave in the real world, and what kind of social and environmental responsibility it will assume. This report comes out of community requests for information about the wider activities of Goldcorp around the world.

Certainly, it is clear that the profits from rising gold and silver prices are being spent not on the environment or the workers who produce the wealth, but on mergers and acquisitions. When a company prides itself on being a very low cost producer, it is wise to question the quantity and quality of its expenditures on environmental protection, reclamation, infrastructure maintenance, its work force, and health and safety.

### *Goldcorp's Origins*

Goldcorp started in 1983 as a holding company for gold stocks and bullion.<sup>1</sup> In the late 1980s, under the direction of CEO Robert McEwan, Goldcorp acquired operational control of the Red Lake mine in Ontario. It remains the largest and richest mine owned by Goldcorp. Goldcorp has owned the Wharf mine in the US since 1996. Goldcorp owned Saskatchewan Minerals, a major producer of sodium sulphate, from 1988 until November 1, 2005.

### *Mergers and Acquisitions: An Overview*

Goldcorp has expanded very rapidly in the past two years with a series of mergers and acquisitions.

In April of 2005, Goldcorp acquired Wheaton River Minerals in a 2.65 billion dollar transaction. Wheaton operated in Mexico as Luismin. Properties include Los Filos/Bermejil and Nukay in Guerrero and the San Dimas mines (San Antonio and Tayoltita) in Durango State, a 37.5% interest in the Alumbreira mine in Argentina, and the Amapari mine in Brazil. Ian Telfer, the former CEO of Wheaton River Minerals, became the CEO of Goldcorp through the acquisition.

---

<sup>1</sup> MacKlem, Katherine. (2003. June 23). *Rob McEwen's risky gold-mining bet pays off*. Macleans. Retrieved July 30, 2007 from [http://www.macleans.ca/business/companies/article.jsp?content=20030623\\_61343\\_61343](http://www.macleans.ca/business/companies/article.jsp?content=20030623_61343_61343)

In December 2005, Goldcorp acquired most of the Canadian properties held by Placer Dome during Barrick Gold's take-over of that company. This included the Campbell complex at Red Lake, the Porcupine Joint Venture in Timmins, Ontario, and a controlling share of the Musselwhite mine in northern Ontario. Goldcorp also acquired a 50% share in the La Coipa mine in Chile through this transaction, as well as responsibility for the Equity Silver mine, which is on care and maintenance in northern British Columbia.

In March of 2006, Goldcorp completed US\$420 million acquisition, from Virginia Gold Mines, of the Éléonore gold property located in the James Bay region of Québec, in Wemindji Cree territory. Goldcorp will operate Éléonore through its fully owned subsidiary Les Mines Opinaca Limitée. A pre-feasibility study on the Éléonore project is expected to be completed in late 2007.

In November 2006, Goldcorp entered into a plan of arrangement with Glamis Gold Ltd. to create the third largest gold producer in North America. Glamis Gold was known as "a pioneer in the heap leach method of gold extraction."<sup>2</sup> Properties acquired through the Glamis transaction include the Marlin mine in Guatemala, the Cerro Blanco project in Guatemala, the San Martin mine in Honduras, the Peñasquito silver-gold-lead-zinc deposit in central Mexico, the El Sauzal and San Nicolas mines in Mexico, the Imperial and Marigold projects in the USA, and other exploration projects.

In April 2007, Goldcorp sold its Amapari mine in Brazil and its Peak mine in Australia to Peak Gold Ltd. As of March 31, 2007, Goldcorp owns 22% of Peak Gold. Peak's President and CEO is a former Goldcorp manager, and Ian Telfer remains as a director. Sinclair Stewart and Andy Hoffman of the Globe and Mail have noted that with regards to Peak Gold "these sorts of thumb's-length deals have long been a concern for investors in other sectors, but not so much in the mining world. It's just the way the business works."<sup>3</sup>

Silver Wheaton Corporation, the "brainchild" of Ian Telfer, has purchase agreements to buy all of the silver produced from Luismin's mines (Goldcorp's Mexican subsidiary) as well as 25% of the silver from Peñasquito.<sup>4</sup> As of March 31, 2007, Goldcorp holds a 49% interest in Silver Wheaton, and provides Silver Wheaton with management service and office space.<sup>5</sup> Lawrence Bell and Douglas Holtby serve as directors to both Goldcorp and Silver Wheaton.

One of the reasons that Goldcorp is able to keep its gold production costs low is through sales arrangements with Silver Wheaton and other companies.

In addition to Silver Wheaton, Goldcorp also has strategic interests in Beaufield Consolidated Resources Inc. (8% interest, Quebec/Ontario), Terrane Metals Corp (70% interest), Wolfden Inc (9.82% interest, Nunavut/Ontario), and Eastmain Inc (9.95% interest, Northern Quebec).

---

<sup>2</sup> Glamis Gold (2004). *Glamis Gold: Our Company*. Retrieved August 6, 2007 from <http://www.glamis.com/corporate/company.html>

<sup>3</sup> Hoffman, A. and Stewart, S. (2007. May 19.) *How to (still) get rich in mining*. Globe and Mail. Retrieved May 30, 2007, from <http://www.theglobeandmail.com/servlet/story/RTGAM.20070519.wrcover19/BNStory/Business>

<sup>4</sup> Hamlin, J. (2006, October 10). *Silver Wheaton: Best Play in Town*. Seeking Alpha. Retrieved May 31, 2007, from <http://www.seekingalpha.com/article/18167>

<sup>5</sup> In addition to its agreements with Luismin in Mexico, Silver Wheaton also has purchase agreements with the Yauliyacu mine in Peru and the Zinkgruvan mine in Sweden.

Goldcorp has entered into joint ventures or partnerships for exploration with at least 20 exploration companies in Ontario, Quebec and Mexico.<sup>6</sup>

As of March 27, 2007, Goldcorp has proven and probable reserves of about 39.75 million ounces of gold, 781.4 million ounces of silver, 1,607 million pounds of copper, 3,690 million pounds of lead and 9,097 million ounces of zinc.

### **Directors**

After the Glamis acquisition, Ian Telfer remained as Chairman of the new Board, and Kevin McArthur, President and CEO of Glamis, became President and CEO of Goldcorp.

The corporate ownership map for the company shows a number of offshore holding companies and tax shelters (see Appendix A). Chairman Ian Telfer is widely considered a “financial genius”. In 2006, “Ian Telfer, the chairman of [UrAsia Energy Ltd. and Goldcorp], did particularly well, exercising stock options and pocketing compensation from both companies worth a combined \$23-million.”<sup>7</sup> This represents 1321 times Canadians’ median market single income for that year.<sup>8</sup>

Telfer was the highest paid executive in British Columbia in 2006, and fellow Goldcorp executives Eduardo Luna and Peter Barnes were each compensated over a million in 2006.<sup>9</sup>

Ian Telfer was the CEO of a technology company when it went bankrupt in 2001.<sup>10</sup>

The new ten-member board has six people from Goldcorp (Ian Telfer, Douglas Holtby, John Bell, Lawrence Bell, Beverley Briscoe and Peter Dey) and four from Glamis (C. Kevin McArthur, P. Randy Reifel, A. Dan Rovig and Kenneth F. Williamson).

### **Ethical Investment Ratings**

Michael Jantzi Research Associates named Goldcorp to the [Jantzi Social Index] Monitor List in 2006, a month after the acquisition of Glamis Gold.<sup>11</sup> Jantzi researchers noted at the time “Goldcorp acquired Glamis Gold Ltd., which has a notably poor community relations record... Jantzi Research believes that

---

<sup>6</sup> Mexico: Canasil Resources Inc, Candente Resource Corp, Chesapeake Gold Corp (board member Randy Reifel is CEO), Corex Gold Corporation, Grandcru Resources Corporation, Kings Minerals NL, Orko Silver Corp, Starcore International, Hemis Corporation. Quebec: Azimut Exploration Inc., Eastmain Resources Inc, Virginia Mines. Ontario: Band-Ore Resources Ltd, MetalCORP Limited, Pele Mountain Resources, Planet Exploration Inc, Premier Goldmines Ltd, Rubicon Minerals Corporation, St. Andrews Goldfields Inc, Temex Resources Corp, Vault Minerals Inc.

<sup>7</sup> Globe and Mail Update. (2007. April 4.). *Telfer payday worth \$23-million in 2006*. Globe and Mail. Retrieved May 30, 2007, from <http://www.theglobeandmail.com/servlet/story/RTGAM.20070404.wtelfer0404/BNStory/Business/?tag=canada>

<sup>8</sup> StatCan. (2006, March 20). *Selected income concepts by main family types*. Retrieved September 5, 2007 from <http://www.statcan.ca/Daily/English/060330/d060330a.htm>

<sup>9</sup> Anderson, F. (2007. June 6). *No women make this year’s \$1-million club*. Vancouver Sun. Retrieved June 6, 2007 from <http://www.canada.com/vancouversun/news/business/story.html?id=08efed89-ef23-4e66-af06-a1160734a5da&k=61658>

<sup>10</sup> Goldcorp Inc. (2007. March 27). *Amended Annual Information Form*. Retrieved August 6, 2007 from <http://www.secdinfo.com/dsr2t.ubf.d.htm>

<sup>11</sup> According to Jantzi, the Jantzi Social Index is “a socially screened, market capitalization-weighted common stock index modeled on the S&P/TSX 60 consists of 60 Canadian companies that pass a set of broadly based environmental, social, and governance rating criteria.” See <http://www.jantzisocialindex.com/index.asp?section=1>

the new management team has greater potential to improve the company's community relations practices."<sup>12</sup>

Ethical Funds holds Goldcorp shares. In 2007, its focus is on having Goldcorp respond to the Carbon Disclosure Project, and create a biodiversity policy.<sup>13</sup>

***Concerns Related to Producing Goldcorp Properties (alphabetical order, by country)<sup>14</sup>:***

***Argentina - Bajo de la Alumbrera***

Minera Alumbrera Limited (MAL)

Goldcorp, 37.5% interest, Xstrata Copper, 50% interest, Northern Orion Resources Inc, 12.5% interest

Alumbrera is one of the world's largest and lowest cost gold, silver and copper operations.

Located in north-western Argentina, Alumbrera was Argentina's first and largest major mining development. The mine is situated in a valley west of the easternmost range of the Andes at an elevation of 2,600 metres above sea level. After processing on site, the copper and gold concentrates are pumped with added water through a 316 km, 175 mm diameter pipeline over the Nevados del Aconquija mountains to the province of Tucumán, where they are dewatered to obtain an almost dry product.<sup>15</sup> From Cruz del Norte, Tucumán, the minerals are shipped another 830 km by rail to a port on the Parana River, near Rosario.

The mine also necessitates a 202 km, 220 volt power line from the project's substation in the province of Tucuman.<sup>16</sup> The power line passes through Tafi del Valle, a protected area in Tucuman.<sup>17</sup>

In 2005, it was estimated that just over 314,000 tonnes of ore were mined per day.<sup>18</sup> The final pit size when mining is complete will be approximately 600 hectares, or a two kilometre by three kilometre pit, filling nearly the entire concession licence.<sup>19</sup>

In the company's 2005 *Sustainability Report for Alumbrera*, flamingos are pictured in the tailings pond. The mine uses approximately 5000 cubic metres of fresh water per month, and dumps approximately 3000 tonnes of tailings monthly.<sup>20</sup> The mine is located in a very dry area, which averages 150mm of rain annually.

---

<sup>12</sup> Jantzi Research. (2006. November). *Jantzi Social Index – JSI Monitor List*. Retrieved August 13, 2007 from [http://www.jantzisocialindex.com/index.asp?section=5&level\\_2=10](http://www.jantzisocialindex.com/index.asp?section=5&level_2=10)

<sup>13</sup> Ethical Funds. (2006). *The Ethical Funds Company Focus List for the 2007 Shareholder Action Program*. Retrieved August 13, 2007 from [http://www.ethicalfunds.com/do\\_the\\_right\\_thing/sri/focuslist/ClimateChange2007.asp#mining](http://www.ethicalfunds.com/do_the_right_thing/sri/focuslist/ClimateChange2007.asp#mining)

<sup>14</sup> Information is as follows: Country, Mine name, Subsidiary name, controlling interests, summary.

<sup>15</sup> Coeur D'Alene (2004. August 24). *S-4 Filing*. Retrieved September 3, 2007 from <http://sec.edgar-online.com/2004/08/24/0000950129-04-006403/Section50.asp>

<sup>16</sup> *ibid.*

<sup>17</sup> PROGRAMA DE VIGILANCIA SOCIAL DE LAS EMPRESAS TRANSNACIONALES MINERO EXTRACTIVAS. (2007. March 12). *INFORME DE INVESTIGACIÓN SOBRE LAS OPERACIONES DE MINERA ALUMBRERA LTD. EN ARGENTINA Y DE LAS TRANSNACIONALES QUE LA INTEGRAN. Reporte #2*. Retrieved September 4, 2007 from <http://www.business-humanrights.org/Links/Repository/693215/jump>

<sup>18</sup> Goldcorp Inc. (2007. March 27). *Amended Annual Information Form*. Retrieved September 4, 2007 from <http://www.secinfo.com/dsr2t.ubf.d.htm>

<sup>19</sup> *ibid.*

<sup>20</sup> *ibid.*

In an interview in September of 2007, a farmer who lives in Santa Maria, near Alumbrera, stated, “For the last five years we’ve seen nothing of the water that we used to use from the Santa Maria river... In the best of times, these lands could grow peppers, tomatoes, corn and alfalfa, but now; look what it’s like. Our family is leaving because we can’t work... we have the tools to work, but not the water.”<sup>21</sup>

There are a host of well documented environmental issues arising from the Alumbrera mine, including spills from the slurry pipeline, a transport accident where 21,000 kg of ammonium nitrate destined for the mine was released, clouds of powder travelling with the wind from material that has been exploded at the mine site, and releases potentially containing high levels of arsenic, cadmium, copper, mercury, selenium and strontium.<sup>22</sup>

On September 1, 2007, there were co-ordinated protests in Argentina against open pit mining in general, and Alumbrera in particular, including a march at the government offices in Catamaran province, as well as in Rosario, where Lumber’s port facilities are located.<sup>23</sup> Reasons for the demonstrations was explained by David Modersbach: “for the last 10 years [the mine] has been in production, contaminating, causing desertification, sicknesses, and transforming the social and economic fabric of [Catamarca].”<sup>24</sup>

Juana Cabrera, a woman who has worked with affected communities, has taken refuge in a church, planning to stay until the church comes out in favour of the people and against Alumbrera.<sup>25</sup>

The slurry pipeline is of great concern to Argentines, especially as it gets older. According to a local newspaper, among the towns along the slurry pipeline, “Ampujaco (Belén); Villa Vil (Andagalá); Cumbres de Santa Ana (Aconquija) in Catamarca and Alpachiri and Villa Lola in Tucumán have already been contaminated in succession.”<sup>26</sup> Goldcorp has identified the slurry pipeline as one of its most significant environmental risks.<sup>27</sup>

After a calcium and sulphate laden seepage plume was detected in natural ground water within the concession, the company built pump back wells to try and avoid escape of the contamination into the wider water systems.<sup>28</sup>

On February 14, 2007, local newspapers reported that blockades had been set up by residents in the province of Santiago del Estero, who were demanding an end to the pollution in the Hondo River, which

---

<sup>21</sup> La Nación (2007. September 1). *Los productores sólo piden seguir siendo lo que son: productores*. Retrieved September 3, 2007 from [http://www.lanacion.com.ar/edicionimpresa/suplementos/elcampo/nota.asp?nota\\_id=939552&origen=relacionadas](http://www.lanacion.com.ar/edicionimpresa/suplementos/elcampo/nota.asp?nota_id=939552&origen=relacionadas)

<sup>22</sup> PROGRAMA DE VIGILANCIA SOCIAL DE LAS EMPRESAS TRANSNACIONALES MINERO EXTRACTIVAS. (2007. March 12). *INFORME DE INVESTIGACIÓN SOBRE LAS OPERACIONES DE MINERA ALUMBRERA LTD. EN ARGENTINA Y DE LAS TRANSNACIONALES QUE LA INTEGRAN*. Reporte #2. Retrieved September 4, 2007 from <http://www.business-humanrights.org/Links/Repository/693215/jump>

<sup>23</sup> Primera Fuente (2007. September 1). *El repudio contra Minera Alumbrera se expande por todo el país*. Retrieved September 3, 2007 from [http://www.primerafuente.com.ar/nota.asp?id\\_seccion=2&seccion=&id\\_nota=36761](http://www.primerafuente.com.ar/nota.asp?id_seccion=2&seccion=&id_nota=36761).

<sup>24</sup> Amigos de la Tierra. (2007. August 31). *Argentina: el oro extraído es para fortalecer el sistema capitalista*. Retrieved September 2, 2007 from <http://www.biodiversidadla.org/content/view/full/34977>.

<sup>25</sup> Ibid.

<sup>26</sup> Ibid.

<sup>27</sup> Goldcorp Inc. (2007. March 27). *Amended Annual Information Form*. Retrieved September 4, 2007 from <http://www.secinfo.com/dsr2t.ubf.d.htm>

<sup>28</sup> Coeur D’Alene (2004. August 24). *S-4 Filing*. Retrieved September 3, 2007 from <http://sec.edgar-online.com/2004/08/24/0000950129-04-006403/Section50.asp>

flows into the Hondo reservoir, which people rely on for drinking water.<sup>29</sup> In March of 2007, a study by the National Secretary of Mining was released, finding that the Sali River was no longer suitable for domestic consumption due to high levels of manganese and iron, and that damaging effects from Alumbrera are permanent and only partially reversible.<sup>30</sup>

On September 17, 2004, an earthquake measuring 6.5 on the Richter Scale caused the slurry pipeline to burst, filling approximately 2 km of the Villa Vil river with mineral concentrate.<sup>31</sup> Locals reported that the flow of mineral concentrate in places reached 12m in height.

In mid-August, 2007, there was a spill from the slurry pipeline in Santa Ana, which is currently being investigated by Argentine authorities.<sup>32</sup>

There are legal proceedings against MAL underway in Argentina, a contamination case, which was first brought forward in 1999, which accuses MAL president Julian Patrick Rooney under law 24.051, providing for punishment of people who “contaminate the soil, atmosphere or environment in general.”<sup>33</sup> Another court case, relating to the spill following the earthquake, was brought forward in 2005. As of September 4, 2007, both cases are pending.

Reclamation of the mine and tailings sites is the responsibility of MAL; however, by Argentine law, no bond is required, nor has one been posted.<sup>34</sup>

Alumbrera is the biggest energy user in Argentina, using approximately the same amount as the entire province of Catamarca.<sup>35</sup> During an energy shortage in the summer of 2007, small businesses were required to reduce their electricity consumption by 50%, while Bajo de la Alumbrera only reduced its consumption by approximately 11%.<sup>36</sup>

There were 1165 people working at Alumbrera in 2005, 39% of which are from the province of Catamarca, where the open pit and processing facilities are located.<sup>37</sup> MAL claims that the employment multiplier is 9.7, creating 8.7 indirect jobs for every direct employment offered,<sup>38</sup> according to the

---

<sup>29</sup> Clarin. (2007. February 14). *Santiago del Estero: Demonstrators Blockade Highway Because of Mine Pollution in Río Hondo River*. Retrieved September 4, 2007 from <http://www.minesandcommunities.org/Action/press1381.htm>

<sup>30</sup> Primera Fuente (2007. March 28). *La Secretaría de Medio Ambiente de la Nación admite que Minera Alumbrera contamina y se complica su situación judicial*. Retrieved September 4, 2007 from <http://www.ecoportal.net/content/view/full/67841>

<sup>31</sup> MiningWatch Canada (2004). *Wheaton River Profits from Destruction at Bajo La Alumbrera, Argentina*. Retrieved September 4, 2007 from [http://www.miningwatch.ca/index.php?Newsletter\\_16/Wheaton\\_River\\_Profits](http://www.miningwatch.ca/index.php?Newsletter_16/Wheaton_River_Profits)

<sup>32</sup> La Gaceta. (2007. September 1). *Inspeccionarán un derrame de la minera*. Retrieved September 3, 2007 from [http://www.lagaceta.com/vernotae.asp?id\\_nota=233419&titulo=Inspeccionar%C3%A1n%20un%20derrame%20de%20la%20minera](http://www.lagaceta.com/vernotae.asp?id_nota=233419&titulo=Inspeccionar%C3%A1n%20un%20derrame%20de%20la%20minera)

<sup>33</sup> Pagina 12 (2006. August 26). *Un empresario minero, con pedido de procesamiento por contaminación*. Retrieved September 4, 2007 from <http://www.pagina12.com.ar/diario/sociedad/3-72019-2006-08-26.html>

<sup>34</sup> Coeur D'Alene (2004. August 24). *S-4 Filing*. Retrieved September 3, 2007 from <http://sec.edgar-online.com/2004/08/24/0000950129-04-006403/Section50.asp>

<sup>35</sup> Diario C (2007. August 6). *Siguen las quejas por el alto consumo de Alumbrera*. Retrieved September 3, 2007 from [http://www.diarioc.com.ar/inf\\_general/id/96407](http://www.diarioc.com.ar/inf_general/id/96407)

<sup>36</sup> Ibid.

<sup>37</sup> Xstrata. (2005). *Minera Alumbrera: Sustainability Report 2005*. Retrieved September 2, 2007 from [www.goldcorp.com/resources/project\\_pdfs/alumbrera\\_sustainability\\_report.pdf](http://www.goldcorp.com/resources/project_pdfs/alumbrera_sustainability_report.pdf)

<sup>38</sup> Ibid.

World Bank's Extractive Industry Review released in 2004, four indirect jobs were created for each instance of direct employment globally.<sup>39</sup>

### **Australia - The Peak Gold mine<sup>40</sup>**

Peak Gold Inc.

Goldcorp 24% interest, Peak Gold Inc. 76% interest

The Peak gold mines are a series of historical gold mines, where exploitation dates back to the 19<sup>th</sup> Century. The mines are located in what is called the Cobar Gold Fields, which consists of a 10 km "belt" of mines in central-west New South Wales. Peak Gold currently exploits four mines, New Occidental, New Cobar, Perseverance and Peak.<sup>41</sup> Gold and silver are produced, as well as copper concentrate, which is sold to markets in Asia.

One of the main environmental challenges for Peak is the management of water and related systems. It shares the water supply with the community of Cobar. Operating in a semi-arid environment means that water-use efficiency needs to be maximized across all areas to ensure the impacts of the mine's activities do not affect other water users.

### **Brazil - Amapari mine**

Mineração Pedra Branca do Amapari

Goldcorp 24% interest, Peak Gold Inc. 76% interest

Commercial production of gold and silver at Amapari, in the northern state of Amapá, began in January of 2006. The whole land package consists of approximately 250,000 hectares, of which nearly 4,000 hectares of mineral concessions have already been granted.

Initially, surface rights for the 4,000 hectares of mineral concessions for the Amapari project were held by the National Institute for Colonization and Agrarian Reform (Instituto Nacional de Reforma Agraria), for the purposes of being included in the National Agrarian Reform Program.<sup>42</sup> The area is hilly with heavy forest cover.

Wheaton River acquired the properties from AngloGold after AngloGold had filed applications with various branches of the government, who produced a report on August 22, 2003 "confirming that the area, in fact, is not suitable for agriculture, and should thus be excluded from the National Agrarian Reform Program."<sup>43</sup> The land was removed from the National Agrarian Reform program and transferred to the Federal Property Authority in September of 2004, and Wheaton River acquired surface rights. Goldcorp acquired the property in 2005.

---

<sup>39</sup> World Bank Group. (2002). *The Extractive Industries Review (EIR): Latin America and Caribbean Regional Workshop*. Retrieved September 3, 2007 from <http://go.worldbank.org/T1VB5JCV61>

<sup>40</sup> Properties owned by Peak Gold Inc. are considered in this section, as Peak Gold is 26% owned by Goldcorp, a former Goldcorp employee is President and CEO, and Ian Telfer is a director of Peak Gold.

<sup>41</sup> Peak Gold Inc. (2007). *Gold Properties: Peak Project*. Retrieved August 27, 2007 from [http://www.peakgold.com/gold\\_properties/peak/](http://www.peakgold.com/gold_properties/peak/)

<sup>42</sup> Wheaton River Minerals. (2004. December 12). *Wheaton River Minerals 40F*. Retrieved August 6, 2007 from <http://www.secmfo.com/d13Smf.z3v.d.htm>

<sup>43</sup> *ibid*. Ironically, company brochures show photos indicating that Peak Gold is carrying out small-scale agricultural projects with communities. See: Peak Gold. (2006). *Amapari Sustainability*. Retrieved August 6, 2007 from [http://www.peakgold.com/csr/safety\\_sustainability/](http://www.peakgold.com/csr/safety_sustainability/)

Peak Gold currently qualifies for a 10 year tax holiday on the Amapari project, lowering the taxes paid from 34% of profits as normally required in Brazil to a mere 6.25% until 2013. The company must also pay a 1% royalty tax on revenue.<sup>44</sup>

According to GFMS Limited, a precious metals consultancy, “In the past, a fly in the ointment of investing in Brazil has been concern over potential conflicts with small-scale alluvial miners (garimpeiros). Although still a sensitive issue, strict environmental controls and severe policing have much reduced the problems associated with uncontrolled garimpo mining.”<sup>45</sup>

There are two garimpeiro cooperatives working in the area near the Amapari project, Cooperativa dos Garimpeiros do Vila Nova and Cooperativa dos Garimpeiros do Lourenco. In 2000, it was estimated that there were 700,000 garimpeiros in Brazil.<sup>46</sup>

There is reason for concern given past examples of crackdowns on so-called “illegal miners,” who are often people mining for survival.<sup>47</sup> Peak Gold/Goldcorp do not mention what measures they are taking to negotiate with Garimpeiros that work in the project area. There are currently conflicts in the area between Garimpeiros and Eldorado Gold.<sup>48</sup> At the end of 2005, Peak Gold was employing 1280 people, approximately half of whom are Peak employees, the other half being contractors.

Initially, 900 hectares of forested land were to be deforested to build mine infrastructure for the Amapari project. That figure has since been reduced to 750 hectares.<sup>49</sup> Timber from the deforestation was “donated” to local communities and branches were kept to revegetate deforested areas.<sup>50</sup>

It seems that Peak Gold Inc. is being used as a “loss-leader” company for Goldcorp. Cash costs per ounce of gold at Amapari were \$539 per ounce for the three months ending June, 2007, and the company lost \$2,512,000 at the Amapari mine over that time.<sup>51</sup>

### **Canada - Red Lake Gold Mines**

Goldcorp Inc.

Goldcorp, 100% interest

The Red Lake mines are composed of two operating complexes in northwestern Ontario: the Red Lake Complex and the Campbell Complex.

---

<sup>44</sup> *ibid.*

<sup>45</sup> GFMS Limited (2004. September, 21). *Press Release: Mining in Brazil*. Retrieved August 6, 2007 from <http://www.gfms.co.uk/Press%20Releases/Gold%20Mining%20in%20Brazil%20-%20Press%20release.pdf>

<sup>46</sup> Gurmendi, A. (2001). *The Mineral Industry of Brazil, 2000*. Retrieved August 6, 2007 from <http://minerals.usgs.gov/minerals/pubs/country/2000/9504000.pdf>

<sup>47</sup> An extreme example of this is what occurred in Bulyanhulu, Tanzania, which resulted in the removal of 400,000 small scale miners and the live burial of at least 65. Barrick Gold has denied that these acts took place. See: <http://www.lead.or.tz/activities/buly/>

<sup>48</sup> Government of Brazil. (2005). *DNPM age no garimpo de Vila Nova no Amapá*. Retrieved August 6, 2007 from <http://www.dnpm.gov.br/conteudo.asp?IDSecao=99&IDPagina=72&IDNoticiaNoticia=175>

<sup>49</sup> Peak Gold. (2006). *Amapari Sustainability*. Retrieved August 6, 2007 from [http://www.peakgold.com/csr/safety\\_sustainability/](http://www.peakgold.com/csr/safety_sustainability/)

<sup>50</sup> *ibid.*

<sup>51</sup> Peak Gold Inc. (2007. June 30). *Management's Discussion and Analysis*. Retrieved August 27 from <http://sedar.com>



The Red Lake Complex is Canada's largest gold mine, producing more than 600,000 ounces a year. It is also one of the world's richest gold mines and lowest cost producers. The Campbell Complex has been in continuous operations since 1949, producing over 11 million ounces. In 2006, the Campbell Complex is scheduled to produce more than 200,000 ounces. The Red Lake mine consists of underground mines and a mill.

As of December 31, 2001, there were 240 contract employees at the Red Lake mine, and as of April 31, 2002, there were 115 salaried employees at Red Lake.<sup>52</sup> In April 2005, there were approximately 500 employees at Red Lake, only 135 of whom were Goldcorp employees, the rest working for subcontractors. The number of subcontracted employees was expected to fall by 45 in 2006.<sup>53</sup>

Goldcorp has had a history of union busting. In June of 1996, 187 members of Steelworkers (USWA) Local 950 walked off the job at the Red Lake mine, including four women and a number of First Nations workers. A millwright who had worked at the mine for 22 years was quoted in 1999 as saying "We've had a union contract at the mine since the mid-1960s... but McEwen decided he wanted to rewrite our contract, saying he thought our standard of living was too high."<sup>54</sup>

According to *The Militant*, a union newspaper,

Miners rejected McEwen's new contract offer, which proposed a 40-hour workweek but did not specify over which days or weeks the 40 hours would be worked. The company demanded an end to shift premium payments as well. Miners at Goldcorp are paid Can\$3 (US\$2) less an hour than the industry average, said [Millwright Dwight Globush]. The company also wanted to weaken layoff and recall rights, as well as institute "security measures" that would include strip searches of miners.

The strike lasted until 2000, the longest mining strike in Canadian history. Scab labour was employed and exploration and construction was carried out during the strike.<sup>55</sup> The effects of the strike on the surrounding communities were severe: "The dispute has split families, it's had the police dealing with bomb threats, and created a lot of bad blood."<sup>56</sup>

On April 20, 2000, Goldcorp and the USWA agreed to a settlement that "gives the miners a severance package of four weeks pay for every year worked and a \$1500 signing bonus, USWA Local 950 will be decertified and the mine will not be unionized when it reopens."<sup>57</sup> According to Macleans Magazine, "It was the first, and only, time the Steelworkers walked away from a unionized shop."<sup>58</sup>

On November 22, shortly after the settlement, an employee was killed while in the crusher facility at Red Lake. The Ministry of Labour laid charges under the *Occupational Health and Safety Act*

---

<sup>52</sup> Goldcorp. (2001. December 31). *Goldcorp Inc. 20F*. Retrieved July 30, 2007 from <http://www.secinfo.com/dsvrp.35vj.htm>

<sup>53</sup> Werniuk, J. (2005. January). *Red Lake just hitting its stride*. Canadian Mining Journal. Retrieved July 31, 2007 from <http://www.oma.on.ca/publications/resources/cmjredlake.pdf>

<sup>54</sup> The Militant. (1999. September 20). *Ontario gold miners wage hard-fought strike*. The Militant. Vol.63/No.32. Retrieved July 30, 2007 from [http://www.themilitant.com/1999/6332/6332\\_25.html](http://www.themilitant.com/1999/6332/6332_25.html)

<sup>55</sup> Legislative Assembly of Ontario. (1997. April 23). *Transcript of Debates*. Issue number L179. Retrieved July 30, 2007 from [http://www.ontla.on.ca/house-proceedings/transcripts/files\\_html/1996-12-05\\_1134.htm](http://www.ontla.on.ca/house-proceedings/transcripts/files_html/1996-12-05_1134.htm)

<sup>56</sup> CBC News (1999. October 20). *Strike continues at gold mine, three years later*. CBC News. Retrieved July 31, 2007 from <http://www.cbc.ca/canada/story/1999/10/20/goldcorp991020.html>

<sup>57</sup> Storey, C., Kosloski, L. ed. (2000. May 4). *Lake District Monthly Activity Summary, April 2000*. Province of Ontario. Retrieved July 30, 2007 from [http://www.mndm.gov.on.ca/mndm/mines/resgeol/northwest/red\\_lake/reports/2000/april\\_e.asp](http://www.mndm.gov.on.ca/mndm/mines/resgeol/northwest/red_lake/reports/2000/april_e.asp)

<sup>58</sup> MacKlem, Katherine. (2003. June 23). *Rob McEwen's risky gold-mining bet pays off*. Macleans. Retrieved July 30, 2007 from [http://www.macleans.ca/business/companies/article.jsp?content=20030623\\_61343\\_61343](http://www.macleans.ca/business/companies/article.jsp?content=20030623_61343_61343)

(Ontario).<sup>59</sup> Goldcorp paid two fines totalling \$281,250 to the Ministry of Labour in a settlement related to the industrial death of the worker.<sup>60</sup>

A significant portion of the labour at the Red Lake mine is subcontracted out by Goldcorp to Dynatec Corporation. According to the Dynatec, “revenues from contract mining services provided to Goldcorp represented approximately 27% of [our] total 2005 revenues.”<sup>61</sup> Goldcorp offers incentive-based payments to Dynatec to meet specific levels of tonnage production.<sup>62</sup>

On April 29, 2005, Dynatec was fined \$45,000 for a violation of the *Occupational Health and Safety Act* at the Red Lake mine. The Ministry of Community and Social Services said that the fine was a result of Dynatec’s refusal to provide information to Ministry of Labour inspectors who “were sent to investigate a critical injury incident involving a Dynatec Corporation miner.”<sup>63</sup>

In April 2006, the Ontario Human Rights Commission initiated a complaint against Goldcorp because “despite considerable Commission advice, Goldcorp’s policy continued to permit random and pre-employment drug testing of all employees, as well as pre-transfer drug testing for select employees.”<sup>64</sup> As of September 2007, the complaint is pending.

On October 31, 2005, Goldcorp Inc. appeared in the Ontario Court of Justice in Red Lake to answer to three counts under the *Ontario Water Resources Act*. The charges including adding chemicals to sewage treatment without a Certificate of Approval, constructing tailings areas at Red Lake without a Certificate of Approval, and a 2004 discharge of 110,000 cubic metres of tailings effluent to Bruce Channel of Red Lake without a Certificate of Approval.<sup>65</sup>

As a result of the release, the Cochenour Water Treatment Plant (which serves 300 residents) was closed for 2 days.<sup>66</sup> According to the Ontario Ministry of the Environment, “During this time, the Municipality of Red Lake provided residents with an alternate supply of drinking water brought in from a neighbouring water treatment plant.”<sup>67</sup>

Goldcorp pled guilty to all three counts and were fined \$225,000.<sup>68</sup>

37,000 tonnes of arsenic trioxide are stored underground at the Campbell mine.

---

<sup>59</sup> *ibid.*

<sup>60</sup> Goldcorp. (2002. December 31). *Goldcorp Inc. 20F*. Retrieved July 30, 2007 from <http://www.secinfo.com/dRX7g.2W1.htm>

<sup>61</sup> Dynatec’s net earnings for 2006 totalled \$17,139,000. Dynatec. *Mining Services Division*. Retrieved July 30, 2007 from <http://www.dynatec.ca/operations/mining.php#contract>

<sup>62</sup> Goldcorp Inc. (2007. March 27). *Amended Annual Information Form*. Retrieved September 4, 2007 from <http://www.secinfo.com/dsr2t.ubf.d.htm>

<sup>63</sup> Government of Ontario. (2005. April 29). *Ministry of Community and Social Services press release*. Retrieved July 30, 2007 from <http://ogov.newswire.ca/ontario/GPOE/2005/04/29/c2441.html?lmatch=&lang=e.html>

<sup>64</sup> Ontario Human Rights Commission. (2007. June). *Annual Report*. Retrieved July 31, 2007 from <http://www.ohrc.on.ca/en/resources/annualreports/ar0607/view>

<sup>65</sup> Government of Ontario. (2005. November 1). *GOLDCORP INC. FINED \$225,000 FOR NON-COMPLIANCE WITH ONTARIO WATER RESOURCES ACT*. Retrieved July 31, 2007 from <http://www.ene.gov.on.ca/envision/news/2005/110101.htm>

<sup>66</sup> Ontario Ministry of the Environment (2005. May). *Industrial Spills in Ontario*. Retrieved August 13, 2007 from <http://www.ene.gov.on.ca/envision/gp/5085e.pdf>

<sup>67</sup> *ibid.*

<sup>68</sup> *ibid.*

Jantzi Research reported in 2006 that the Red Lake mines are ranked among the highest 12 emitters of arsenic in Canada, and that arsenic emissions have dropped from 2,836 kg per year in 2002 to 746 kg in 2004.<sup>69</sup> It should be noted that Canada does not require reporting of toxics released to waste rock dumps and tailings impoundments, so these emissions would be only to air, or to water outside the mine site.

### **Canada – Musselwhite Mine**

Goldcorp Canada Ltd.

Joint Venture, Goldcorp 68% interest, Kinross Gold 32% interest

Musselwhite is a fly-in/fly-out underground and open pit gold mine and a processing plant, which produces nearly a quarter of a million ounces of gold annually. The mine is situated in north-western Ontario; the property consists of leases and mining claim units covering approximately 17,548 hectares.<sup>70</sup>

An Impact and Benefit Agreement (IBA) was signed in 1996 between Placer Dome and Cat Lake First Nation, North Caribou Lake First Nation, Kingfisher Lake First Nation, Wunnumin Lake First Nation, Shibogama First Nations Tribal Council, and Windigo First Nations Tribal Council. The Musselwhite IBA was one of the first of its kind in Canada. It was renewed in 2001. Natural Resources Canada reports that in 2005, \$2 million was shared between the signatory communities.<sup>71</sup> A recent amendment has increased the revenue sharing somewhat.

In September 2001, a new Musselwhite Agreement was negotiated and signed, following the expiry of the first agreement. The agreement is between the mine's joint venture partners and Cat Lake First Nation, North Caribou Lake First Nation, Kingfisher Lake First Nation, Wunnumin Lake First Nation, Shibogama First Nations Tribal Council, and Windigo First Nations Tribal Council. In addition, the joint venture partners have maintained the *General Compensation Agreement* with these First Nations in addition to a specific North Caribou Lake *First Nations Trappers Compensation Agreement*.<sup>72</sup> The agreements include a "Life-of-Mine" agreement providing for an unfettered business with no tonnage cap on the mill or mill expansion.<sup>73</sup>

There is a First Nation employment target of 30% for community members from signatory and affiliate First Nations communities; currently 25% of the 369 workers are First Nations.<sup>74</sup>

There is extremely high unemployment in the First Nations communities nearest to the mine site. Chief Zeb Kenequanash, from the North Caribou Lake First Nation in Weagamow (which is about 60 km from the mine site) stated before the Ontario Legislature in 2004 that "most of our people have been

---

<sup>69</sup> Jantzi Research (2006. January). *Canadian Social Investment Database: Goldcorp Inc.*

<sup>70</sup> Goldcorp Inc. (2007. March 27). *Amended Annual Information Form*. Retrieved August 6, 2007 from <http://www.secinfo.com/dsr2t.ubf.d.htm>

<sup>71</sup> Natural Resources Canada (2006). *Aboriginal Participation in Mining Information Bulletin*. Retrieved August 30, 2007 from [http://www.nrcan.gc.ca/ms/pdf/aboriginal-mussel\\_e.pdf](http://www.nrcan.gc.ca/ms/pdf/aboriginal-mussel_e.pdf)

<sup>72</sup> Mining Association of Canada. (2006). *Mining Information Kit for Aboriginal Communities*. Retrieved August 13, 2007 from <http://www.pdac.ca/pdac/advocacy/aboriginal-affairs/2006-mining-toolkit-eng.pdf>

<sup>73</sup> Kinross Gold Corp. (2004. July 13). *Report of Foreign Issuer*. Retrieved August 30, 2007 from <http://sec.edgar-online.com/2004/07/13/0001188112-04-001064/Section3.asp>

<sup>74</sup> Natural Resources Canada (2006). *Aboriginal Participation in Mining Information Bulletin*. Retrieved August 30, 2007 from [http://www.nrcan.gc.ca/ms/pdf/aboriginal-mussel\\_e.pdf](http://www.nrcan.gc.ca/ms/pdf/aboriginal-mussel_e.pdf)

working at the nearest mine site at Musselwhite. It is, fair to say, about 87% or 88%, our unemployment.”<sup>75</sup>

The communities say that there is often inadequate disclosure of environmental problems (they were not told about a cyanide spike in 2005 until six weeks after it happened). Potable water and about 20% of the mill processing water is taken from Opapimiskan Lake.<sup>76</sup>

Wildlife including geese and ducks have been spotted near or on the tailings area at Musselwhite, worrying people that live in local communities who eat those same birds and animals.<sup>77</sup> One fish-bearing lake was drained to create a tailings dam, and a new wetland was created; however, another wetland area was destroyed by the implementation of the tailings dam. Susan Isaac reports, “The community feels that not all habitat was considered during the planning of the mine.”<sup>78</sup>

There have been three worker fatalities in the Musselwhite mine: one in 2000, another in 2002, and a third in 2004.<sup>79</sup>

### **Canada - Porcupine Joint Venture**

Goldcorp Canada Ltd.

Joint Venture, Goldcorp 51% interest, Kinross Gold 49% interest

The Porcupine operation consists of three operating gold mines (Pamour, Dome and Hoyle Pond) and a central milling facility, as well as 38,000 hectares of land within the city limits of Timmins in north-eastern Ontario.<sup>80</sup> In addition, there are more than 20 “historic” gold mining properties in the Porcupine JV area.

The properties have produced more than 16 million ounces of gold since production began in 1910 and include North America’s longest continually operating gold mine, the Dome mine, which placed on care and maintenance in 2004, and reopened in 2005 due to rising gold prices.<sup>81</sup>

The Pamour open pit site is currently undergoing major construction, which included “moving the top portion of Three Nation Lake and re-routing 6.2 kilometres of Highway 101.”<sup>82</sup> The Pamour open pit

---

<sup>75</sup> Legislative Assembly of Ontario. (2004. September 20). *Committee Transcript*. Retrieved August 4, 2007 from [http://www.ontla.on.ca/committee-proceedings/transcripts/files\\_html/2004-09-20\\_F026.htm#P228\\_47261](http://www.ontla.on.ca/committee-proceedings/transcripts/files_html/2004-09-20_F026.htm#P228_47261)

<sup>76</sup> Goldcorp (2007). *Musselwhite: Mining*. Retrieved August 13, 2007 from <http://www.goldcorp.com/operations/musselwhite/mining/>

<sup>77</sup> Assembly of First Nations and MiningWatch Canada (2001. May 13). *After the Mine: Healing Our Lands and Nations*. Retrieved August 30, 2007 from [http://www.miningwatch.ca/updir/AFN\\_MWC\\_workshop\\_report.pdf](http://www.miningwatch.ca/updir/AFN_MWC_workshop_report.pdf)

<sup>78</sup> Isaac, S. (2005. June). *Protecting Fish/Protecting Mines*. Retrieved August 30, 2007 from [http://www.miningwatch.ca/updir/Protecting\\_Fish.pdf](http://www.miningwatch.ca/updir/Protecting_Fish.pdf)

<sup>79</sup> MiningWatch Canada (2004. June 23). *Musselwhite Mine (Goldcorp/Kinross Gold) – Background* Retrieved August 13, 2007 from [http://www.miningwatch.ca/index.php?Goldcorp/Musselwhite\\_Mine](http://www.miningwatch.ca/index.php?Goldcorp/Musselwhite_Mine)

Mines and Aggregates Safety and Health Association. (2004. June 28). *Fatality Reports: Placer Dome Canada, Musselwhite Mine*. Retrieved August 13, 2007 from [http://www.masha.on.ca/fatality\\_details.aspx?fatality\\_id=42](http://www.masha.on.ca/fatality_details.aspx?fatality_id=42)

<sup>80</sup> Goldcorp. (2007). *Goldcorp Company Profile*. Retrieved August 4, 2007 from <http://www.cbr.ca/CompanyProfile.aspx?format=printable&CompanyID=26946&Language=en>

<sup>81</sup> Larmour, A. (2006, July). *PJV announces \$8M exploration program*. Northern Ontario Business. Retrieved August 4, 2007 from <http://www.northernontariobusiness.com/regionalReports/Timmins/07-06-PJV.asp>

<sup>82</sup> Larmour, A. (2006, July). *PJV announces \$8M exploration program*. Northern Ontario Business. Retrieved August 4, 2007 from <http://www.northernontariobusiness.com/regionalReports/Timmins/07-06-PJV.asp>

ramped up to full production during 2005 and will be mined in three stages utilizing the existing Dome open pit equipment, mining methods and procedures. Pamour ore is transported to the Dome mill via a 12 km dedicated haul road using 136 tonne haulage trucks.

Underground mining is conducted at the Hoyle Pond site, where the 720-metre shaft was deepened to 1,000 metres in 2006. The ore is the richest of the PJV mines.

The mill processes 11,600 tonnes of ore per day. According to Northern Ontario Business magazine, the mill “expanded two years ago to accommodate Pamour’s exceptionally ‘hard’ ore, (and) will process approximately 4.2 million tonnes annually. Ten per cent of the milled tonnage comes from Hoyle Pond, five per cent from the Dome underground, and the remainder comes from the Pamour open pit and the stockpile at the Dome open pit.”<sup>83</sup>

The Dome “super pit” completed mining in 2005. Extensive stockpiles were accumulated during mining and these will be milled to supplement ore from the active Pamour open pit in 2006.

Goldcorp has also acquired the closed down MacIntyre and Hollinger Properties (located within the city of Timmins), which have had serious subsidence problems in the past. According to the company, “closure plans for the Hollinger and McIntyre Mines were recently accepted by the Ministry of Northern Development & Mines. A major component of this closure plan is the established practice of restricting access to known mine hazards with the current system of fences.”<sup>84</sup>

This old mining area has a huge environmental footprint. Mining began at these properties as early as 1910 and the legacies from earlier mining activities include waste rock, tailings material, gravel pits, subsidence zones and public hazards, including giant sinkholes. When the Porcupine Joint Venture was formed, the property more than tripled in land size. There are rumours that the company now wants to expand the open pit to include the entire town of Schmachter.

The PJV has not yet developed a closure plan, but Goldcorp says it is committed to rehabilitating these properties and returning them to as close to their original state as possible. The amount of the reclamation bond is unknown. Prior to mining activity, the area consisted of undisturbed Northern Ontario boreal forest.

At Hoyle Pond mine, most process water comes from the clear water pond at the tailings, while make-up water comes from aquifers.

There are 750 people who work at the Porcupine Joint Venture, 600 of who are Kinross/Goldcorp employees, and 150 of whom are private contractors.<sup>85</sup>

The Porcupine Watchful Eye (PWE), previously called the Dome Watchful Eye, was set up by the company in 1999 as a stakeholder group to “support the Dome mine’s sustainability policy.”

---

<sup>83</sup> *ibid.*

<sup>84</sup> Goldcorp (2007. April 11). *Goldcorp to Host Investor Day*. Retrieved August 4, 2007 from [http://www.goldcorp.com/news\\_releases/index.php?mod=cnt&act=cnt&id=633](http://www.goldcorp.com/news_releases/index.php?mod=cnt&act=cnt&id=633) One of the known mine hazards is the Hollinger Tailings Stack, a 190 hectare, 25 metre high pile containing over 153,000,000 tonnes of tailings resulting from 59 years of mining.

<sup>85</sup> Goldcorp. (2006.) *Sustainability report, Porcupine*. Retrieved August 4, 2007 from [http://goldcorp.com/resources/2006\\_Sustainability\\_Report.pdf](http://goldcorp.com/resources/2006_Sustainability_Report.pdf)

### **Chile - La Coipa gold and silver mine**

Compañía Mantos de Oro

Joint Venture, Goldcorp 50% interest, Kinross Gold 50% interest

La Coipa is located in northern Chile in the Atacama region (Region III), approximately 1,000 km north of Santiago and 140 km northeast of the city of Copiapó. The mine is between 4,200 and 4,800 metres above sea level. La Coipa consists of a series of open pits containing low-grade gold and silver ore and a processing facility. Mantos de Oro (MDO) operates the mine, a new pit (Puren) is currently under development and overall production is forecast to increase significantly in 2007.

The expanded mine will use 500 tonnes of sodium cyanide per month, which will be trucked to the mine site from the port city of Valparaíso.<sup>86</sup>

Water for processing activities is obtained from Salar de Maricunga (Maricunga Salt Lake), which is located 50 km southeast of La Coipa. A water pump system collects water from five wells and it is piped to the site for industrial uses. Mercury occurs naturally in La Coipa's ore body at a rate of approximately 30 grams per tonne, and passes through the metallurgical process generating mercury fumes.<sup>87</sup>

According to the company, "in 1998 a new plan for Merrill-Crowe precipitate management was implemented. This consists of mercury recovery through advanced-design retort-condensers that allow strict control of fumes. With the start-up of this pyrometallurgical process, La Coipa has fulfilled short, medium and long-term commitments contained in plans presented to the authorities."<sup>88</sup> Mercury-related illnesses have been reported and there have been numerous union complaints due to mercury poisoning.<sup>89</sup>

Tailing deposits (using dry storage) are located beside Pedregoso hill in a sloping valley that is connected to the La Coipa ravine. It has a shallow groundwater flow. At the end of 1995, traces of mercury and cyanide from tailing seepage were detected by control piezometers.<sup>90</sup> A thirty-year, \$10.5 million dollar project to attempt to control the seepage was begun in the mid 1990s after the contamination was discovered.<sup>91</sup>

Not everyone is convinced that dry tailings are the perfect solution to problems with mining waste. While dry tailings may work in arid climates, they still need to be carefully monitored to ensure there is no water infiltration. Chile is susceptible to seismic activity, which could threaten stability of the pile. Without independent auditing, mercury and acid mine drainage are still concerns.

### **Guatemala – Marlin Mine**

Montana Exploradora de Guatemala S.A.

---

<sup>86</sup> Diario de Atacama (2007. February 24). *Aprueban transporte de cianuro desde Valparaíso hasta Atacama*.

<sup>87</sup> Goldcorp (2007) *La Coipa Sustainability*. Retrieved August 3, 2007 from [http://goldcorp.com/operations/la\\_coipa/sustainability/](http://goldcorp.com/operations/la_coipa/sustainability/)

<sup>88</sup> *ibid*.

<sup>89</sup> Ismi, Asad. (1997. May). *Canadian Business in Chile*. Peace Magazine. Retrieved August 3, 2007 from <http://archive.peacemagazine.org/v13n3p24.htm>

<sup>90</sup> Goldcorp (2007) *La Coipa Sustainability*. Retrieved August 3, 2007 from [http://goldcorp.com/operations/la\\_coipa/sustainability/](http://goldcorp.com/operations/la_coipa/sustainability/)

<sup>91</sup> Diario de Atacama (2007. January 13). *Montos de Oro invertirá US\$ 10,5 millones en optimización hídrica*.

### Goldcorp, 100% interest

This silver-gold mine was discovered by Francisco Gold and developed by Glamis Gold, through its fully-owned subsidiary Montana Exploradora de Guatemala. There have been serious and prolonged protests by Mayan villagers in the greater municipality of San Miguel Ixtahuacán (which comprises 19 villages) and Sipacapa (which comprises 13 villages) in Guatemala's western highlands department of San Marcos.

Over the last two years, villages in San Miguel Ixtahuacán have been transformed into an open pit mine, which will eventually encompass five square kilometres. Eighty-five percent of the total expanse of the planned mine is in San Miguel Ixtahuacán, and 15% is in Sipacapa.

The municipality of San Miguel Ixtahuacán has a population of 39,000, most of who are Mam Maya peasant farmers who depend on subsistence agriculture to live<sup>92</sup>. The people are objecting to any further expansion of the mine, and say they are getting little benefit from it. Before production at the mine began, there were numerous protests and vocal opponents: two people were killed and a number injured.<sup>93</sup>

Two years ago, when residents of Sipacapa heard about the mine, they organized a referendum (*Consulta*) using the International Labour Organization's Convention 169, which affirms the right of indigenous communities to be consulted in good faith before industrial activity take place on their lands.<sup>94</sup> The people of Sipacapa voted overwhelmingly against the mine.<sup>95</sup>

Montana Exploradora de Guatemala filed an unconstitutionality suit as well as an appeal against the *Consulta* in 2005.<sup>96</sup> The suit was filed by Rosa María Montenegro de Garoz, who is part of the law firm Asensio Marrios, Andrade & Associates, with legal assistance from other lawyers in the same firm. Asensio Aguirre, the founder of the aforementioned law firm, is the legal representative for Montana in Guatemala.<sup>97</sup>

On May 8<sup>th</sup>, 2007, the Guatemalan Constitutional Court ruled that the *Consulta* was unconstitutional. Analysts in Guatemala have speculated that the recent decision by the Magistrates of the Constitutional Court could have been influenced by political, economic and commercial interests.<sup>98</sup>

In early 2007, the company offered the municipality a "gift" of over \$150,000 CDN. It was refused.<sup>99</sup>

---

<sup>92</sup> Paley, D. (2007. February 7). *Turning Down a Gold Mine*. The Tyee. Retrieved May 31, 2007 from <http://thetyee.ca/News/2007/02/07/MarlinProject/>

<sup>93</sup> MiningWatch. (2005. March 21). *Two Killed So Far Protesting Glamis Gold in Guatemala*. Retrieved June 4, 2007 from [http://www.miningwatch.ca/index.php?Newsletter\\_18/Two\\_Killed\\_Protesting\\_Glamis\\_Gold\\_in\\_Guatemala](http://www.miningwatch.ca/index.php?Newsletter_18/Two_Killed_Protesting_Glamis_Gold_in_Guatemala)

<sup>94</sup> International Labour Organization. (2003.) *A Guide to ILO Convention 169: Consultation*. Retrieved June 4, 2007 from <http://www.ilo.org/public/english/standards/norm/egalite/itpp/convention/10.pdf>

<sup>95</sup> Pérez, S. (2006. April 5). *CC valida consultas ambientales*. Prensa Libre. Retrieved June 11, 2007 from <http://www.prensalibre.com/pl/2006/abril/05/138643.html>

<sup>96</sup> Madre Selva. (2005) *Caso: Expansión de Concesiones y Actividades Mineras en Territorios Centromericanos*. Retrieved June 4, 2007 from <http://www.madreselva.com.gt/Veredicto%20TLA.pdf>

<sup>97</sup> Wetherborn, J. (2007. May 30). *Consultas populares pierden terreno ante la CC*. Inforpress. Retrieved June 4, 2007 from <http://www.albedrio.org/htm/articulos/jw-002.htm>

<sup>98</sup> *ibid*. There is an excellent documentary about the *consulta* called "Sipacapa is not for Sale" distributed by Rights Action ([www.rightsaction.org](http://www.rightsaction.org)).

<sup>99</sup> Paley, D. (2007. February 7). *Turning Down a Gold Mine*. The Tyee. Retrieved May 31, 2007 from <http://thetyee.ca/News/2007/02/07/MarlinProject/>

People in San Miguel Ixtahuacán, where the largest part of the mine is located, have reported that their houses have started to crack due to explosions at the mine site.<sup>100</sup>

The communities are also worried about contamination from the mine and there are reports of the accumulation of heavy metals in the river resulting from acid mine drainage.<sup>101</sup>

Until July 1, 2006, the company was not required to pay taxes other than royalties because it had negotiated to be legally recognized as a *maquila* (free trade zone),<sup>102</sup> a deal which Monsignor Alvaro Ramazzini, the Bishop of San Marcos, called “clearly illegal.”<sup>103</sup> The tax payments to be made after July 2006 are earmarked for “improvements to services and infrastructure in areas near the Marlin Mine” and “increased capacity building within government ministries with mining responsibilities.”<sup>104</sup> As of December, 2006, the company had paid \$670,000 in royalties to San Miguel Ixtahuacán.<sup>105</sup>

In 2006, Goldcorp predecessor Glamis paid for workers from its Marlin mine to participate in pro-mining demonstrations.<sup>106</sup>

Goldcorp claims to be the largest taxpayer in Guatemala.<sup>107</sup>

### **Honduras - San Martin Mine**

Minerales Entre Mares de Honduras S.A.

Goldcorp, 100% interest

The San Martin mine is an open pit gold mine developed and operated by Goldcorp’s (originally Glamis Gold’s) wholly owned subsidiary Entre Mares. According to Andrew Buncombe, writing in London’s *Independent*, “Some locals say the company’s behaviour is so exploitative they have likened it to a new form of “colonialism” while the Honduran public prosecutor has filed an action accusing Entre Mares of deforestation, pollution of streams and illegally altering the course of water-ways and roads.”<sup>108</sup>

Honduras is the second poorest country in the western hemisphere. According to Sandra Cuffe, a researcher based in Honduras, “Despite protests, participation in open municipal hall meetings and

---

<sup>100</sup> Rodríguez, J. (2007. July 31). *Mina de Oro Agrava Situación Social*. Retrieved August 3, 2007 from <http://mimundo-jamesrodriguez-esp.blogspot.com/2007/07/mina-de-oro-agrava-situacin-social.html>

<sup>101</sup> Blas, A. (2007. January 6). *Drenaje ácido en río Tzalá*. Prensa Libre. Retrieved June 4, 2007 from <http://www.prensalibre.com/pl/2007/enero/06/160115.html>

<sup>102</sup> Ángel, O. (2006. July 19). *Montana Exploradora pagará IUSI e ISR*. Siglo XXI. Retrieved June 11, 2007 from <http://www.sigloxxi.com/index.php?link=noticias&noticiaid=3247>

<sup>103</sup> Albedrio. (2006. July 6). *Millones en evasión fiscal*. Retrieved June 11, 2007 from <http://www.albedrio.org/htm/noticias/cambio3060706.htm>

<sup>104</sup> Glamis Gold (2006. July 18). *Report of a Foreign Issuer 6K*. Retrieved August 6, 2007 from <http://sec.edgar-online.com/2006/07/19/0000945234-06-000588/Section2.asp>

<sup>105</sup> Paley, D. (2007. February 7). *Turning Down a Gold Mine*. The Tyee. Retrieved May 31, 2007 from <http://thetyee.ca/News/2007/02/07/MarlinProject/> The royalty rate in Guatemala is 1%, which is divided between the affected community and the state.

<sup>106</sup> Peasant Workers Movement (2006. August 16). *Where did the mining companies’ ethics go?* Retrieved September 5, 2007 from [http://www.miningwatch.ca/index.php?Goldcorp/Mining\\_ethics](http://www.miningwatch.ca/index.php?Goldcorp/Mining_ethics)

<sup>107</sup> Ibid.

<sup>108</sup> Buncombe, A. (2006. May 11). *The world’s richest and the poor: Dark side of the Gold Rush*. The Independent. Retrieved June 4, 2007 from <http://news.independent.co.uk/world/americas/article363616.ece>



other activities, the project received the blessing of the local authorities, who assured the population with echoes of company promises of development.”<sup>109</sup>

Since the project began in 2000, the open pit heap-leach San Martin mine has created huge problems. In a drought-prone area, the mine is taking up precious water resources. Water sources have been found to contain higher than allowable levels of copper and iron, and people living near the mine have been found to have high levels of arsenic and lead in their blood.<sup>110</sup>

On June 25, 2007, the government of Honduras imposed a fine of one million Lempiras (approximately \$55,000 CDN) for “serious administrative breaches” relating to cyanide-laced discharge, lack of soil contamination prevention, and high levels of arsenic in local river systems. The Secretary of Natural Resources and the Environment (SERNA), who issued the fine, noted that Entre Mares “carried out polluting and damaging activities.”<sup>111</sup>

The company has denied that there has been contamination, and blames illnesses in the area on bad diet and a lack of hygiene.<sup>112</sup>

A protest over the controversial mining law in Honduras on July 26, 2006 saw hundreds of religious leaders, agricultural workers, environmentalists, and students take part in protests that closed four sections of the Pan-American Highway.<sup>113</sup> The first major demonstrations against mining in Honduras came from the Valle de Siria, where the San Martin mine is located.<sup>114</sup>

### **Mexico – Los Filos/Bermejal**

Desarrollos Mineros San Luis S.A. de C.V. (Luismin)  
Goldcorp, 100% interest

Construction at Los Filos/Bermejal, in the state of Guerrero, was completed in 2006, and the mine was meant to go into production in early 2007. It is a heap leach gold and silver operation using cyanide.

In early 2007, communal landowners (Ejidos) blocked roads leading to the Los Filos/Bermejal mines for 83 days.<sup>115</sup> State police had forcibly removed the protestors and detained several on January 25 and forcibly removed them again on February 1, 2007. The blockade was renewed on March 6 and lasted until April 4. The blockaders received a call for international support from Amnesty International due to concerns for their safety.<sup>116</sup>

---

<sup>109</sup> Cuffe, S. (2005. February). *A Backward, Upside-down Kind of Development*. Rights Action. Retrieved June 4, 2007 from <http://www.rightsaction.org/Reports/Cuffe%20mining%20report%202005-03.htm>

<sup>110</sup> Leahy, S. (2007. February 24). *Protests Mount against Mining Giant*. Inter Press News Service Agency. Retrieved June 6, 2007 from <http://ipsnews.net/news.asp?idnews=36717>

<sup>111</sup> Mondragon Ponce, A. (2007. June 25). *CERTIFICATE of the General Secretariat of the Ministry of Natural Resources*.

<sup>112</sup> Paley, D. (2007. May 29). *Gold, Skin and Bones: Goldcorp's Adventure in Honduras*. Upside Down World. Retrieved June 6, 2007 from [http://upside-downworld.org/main/index.php?option=com\\_content&task=view&id=751&Itemid=0](http://upside-downworld.org/main/index.php?option=com_content&task=view&id=751&Itemid=0)

<sup>113</sup> BBC News. (2006. July 26). *Honduras mine protest closes road*. BBC NEWS. Retrieved June 11, 2007 from <http://news.bbc.co.uk/2/hi/americas/5215424.stm>

<sup>114</sup> Mejia, Telma. (2004. January 20). *Honduras: Mining Expansion Triggers Protests*. IPS. Retrieved June 11, 2007 from <http://www.minesandcommunities.org/Action/press251.htm>

<sup>115</sup> Previous to January 1, 1994, communally held land controlled by Ejidos could not be expropriated or bought. The “opening up” of Ejidal land under NAFTA was one major impetus for foreign mining companies looking to set up in Mexico.

<sup>116</sup> Amnestia Internacional. (2007. March 14). *Temor de intimidación/temor de malos tratos*. Retrieved June 11, 2007 from <http://web.amnesty.org/library/Index/ESLAMR410112007?open&of=ESL-MEX>

The villagers had been protesting off and on since January 8, 2007, saying they were not being adequately compensated by the mining company and that some workers had been fired during the dispute.

On March 24, Goldcorp offered the community of Nuevo Carrizalillo an annual rent of 8000 pesos (about US\$726) for each of 970 hectares of communally held land the company was planning to mine for gold. The community was holding out for more than US\$1230 per hectare, including a paved road, computer centre, basketball court, childcare centre, and scholarships for children.

On April 2, 2007, Goldcorp's Mexican subsidiary Luismin was able to come to an agreement with protestors who had set up a roadblock at the Los Filos and Bermejil mine sites. The April 2nd agreement sees Luismin paying 13,500 (US\$1226) pesos per hectare to community members, totalling US\$1.19 million. This is an annual payment. The company has agreed to invest at least US\$1.8 million in social works and projects in 2007. This amount is a one time payment.<sup>117</sup>

Construction work at the mine restarted on April 3<sup>rd</sup>, with more than 1,400 construction labourers. Communities of Xochipala and Mezcala have demanded that the company pay them equally to what it is paying Carrizalillo. On April 15<sup>th</sup> company lawyer announced that Xochipala would receive 13,500 pesos per hectares for the 450 Hectares of ejidal land used by the companies.

According to a study commissioned by Mexico's National Forestry Commission "damages caused by Goldcorp's Luismin to small landowners in Xochipala includes the felling of more than 1,038 trees, 12 kilometres of fencing destroyed, and damage to 72,000 square metres."<sup>118</sup> Total damage was assessed at 3,225,000 pesos (approximately \$295,000 USD). Luismin has already given two million pesos to the National Forestry Commission to show its willingness to repay the landholders.<sup>119</sup>

A recent article in the newspaper *Jornada* ran with the headline "*Mining in Guerrero continues in the colonial style,*" the author accusing the company of dividing and confusing communities about money and land issues.<sup>120</sup>

During the construction phase there were 869 people working at the mine site, 43 of whom were Goldcorp employees and the other 826 of whom worked for one of 19 subcontractors active on the site.<sup>121</sup> Of that work force, 31.79% were foreigners.<sup>122</sup>

Goldcorp acknowledges that "under Mexican Federal Labour Law, Luismin has to distribute a 10% annual profit sharing to its employees based on taxable income" however the company goes on to state that "historically, profit sharing has been minimized through the use of effective tax planning."<sup>123</sup>

---

<sup>117</sup> Business News Americas. (2007. April 3). *Goldcorp's Los Filos to produce gold bar within 10wks*. Retrieved April 3, 2007 from <http://www.bnamericas.com/story.jsp?idioma=1&sector=7&noticia=387953>

<sup>118</sup> Castro, M. (2007. Jul 23). *Avalúo de Conafor: el daño que causó Luismin a Xochipala, por más de 3 mpd*. Retrieved August 3, 2007 from <http://www.lajornadaguerrero.com.mx/2007/07/23/index.php?section=sociedad&article=004n1soc>

<sup>119</sup> *ibid.*

<sup>120</sup> Carrera, M. (2007. April 14). *La minería en Guerrero sigue como en tiempos de la Colonia*. Retrieved August 3, 2007 from <http://www.lajornadaguerrero.com.mx/2007/04/14/index.php?section=sociedad&article=007n1soc>

<sup>121</sup> Goldcorp (2005). *Sustainability Report: Los Filos. Nukay*. Retrieved August 3, 2007 from [http://goldcorp.com/resources/project\\_pdfs/LosFilos\\_Nukay.pdf](http://goldcorp.com/resources/project_pdfs/LosFilos_Nukay.pdf)

<sup>122</sup> *ibid.*

<sup>123</sup> Goldcorp Inc. (2007. March 27). *Amended Annual Information Form*. Retrieved August 6, 2007 from <http://www.secinfo.com/dsr2t.ubf.d.htm>

### **Mexico - Nukay**

Compañía Minera Nukay (Fully owned by Luismin)  
Goldcorp, 100% interest

This is a smaller mine that was acquired by Goldcorp through the purchase of Wheaton River in 2005. It consists of two open pit mines, an underground mine, and a mill. Total gold production during 2005 was 16,269 ounces. Nukay is in Guerrero, very close to the Los Filos mine.

In 2005, Compañía Minera Nukay was fined \$8,500 for non-compliance with environmental regulations.<sup>124</sup> The company admits to having overtopped the tailings cells, improperly discharged of process solutions containing a high copper concentration, improperly disposed of hazardous materials, and having permit deficiencies and irregularities.<sup>125</sup> The Nukay mine has since been classified as a “clean industry” according to the Federal Environmental Protection Agency.<sup>126</sup>

Local residents in Mezcala stopped drinking the water from the springs known as *La Cañada* six years ago, and say that the Mezcala River is polluted. They have also reported dry coughs and stomach problems, especially in children, which they say is caused by particles in the air coming from the mine. There exist rumours and fears in the community that headwaters of the rivers they drink from, like the Mezcala, are polluted by cyanide and arsenic.<sup>127</sup>

Goldcorp, which signed onto the Cyanide Management Code in July of 2007, has announced that Nukay will not be certified under the code.<sup>128</sup>

In 2005, there were 239 employees at Nukay, comprising 138 contractors, 83 union members and 18 administrators.<sup>129</sup> Federally legislated profit sharing exists at this project, however Goldcorp has been able to minimize profit sharing here as well.

### **Mexico - El Sauzal**

Minas de la Alta Pimeria  
Goldcorp 100% interest

The El Sauzal mine is located in Chihuahua, Northern Mexico.

---

<sup>124</sup> Castro, M. (2007. July 17). *Los Filos no está en catálogo como una “industria limpia”, acepta la Profepa*. Retrieved August 6, 2007 from <http://www.lajornadaguerrero.com.mx/2007/07/26/index.php?section=sociedad&article=006n1soc>

<sup>125</sup> Goldcorp Inc. (2007. March 27). *Amended Annual Information Form*. Retrieved August 6, 2007 from <http://www.secinfo.com/dsr2t.ubf.d.htm>

<sup>126</sup> Castro, M. (2007. July 17). *Los Filos no está en catálogo como una “industria limpia”, acepta la Profepa*. Retrieved August 6, 2007 from <http://www.lajornadaguerrero.com.mx/2007/07/26/index.php?section=sociedad&article=006n1soc>

<sup>127</sup> Garcíamargena de la O, A. (2007. April 11). *Luismin envenena desde hace años el agua de Mezcala: comisariado*. La Jornada de Guerrero. Retrieved June 14, 2007 from <http://www.lajornadaguerrero.com.mx/2007/04/11/index.php?section=sociedad&article=006n1soc>

<sup>128</sup> *Cyanide Management Code*. (2007). Goldcorp Inc. Retrieved August 6, 2007 from [http://www.cyanidecode.org/signatory\\_goldcorp.php](http://www.cyanidecode.org/signatory_goldcorp.php)

<sup>129</sup> Goldcorp (2005). *Sustainability Report: Los Filos. Nukay*. Retrieved August 3, 2007 from [http://goldcorp.com/resources/project\\_pdfs/LosFilos\\_Nukay.pdf](http://goldcorp.com/resources/project_pdfs/LosFilos_Nukay.pdf)

It is one of the largest gold mines in Mexico, and it came to the attention of the nation when it was discovered in 2005 that the open pit mine had destroyed nine archaeological sites.<sup>130</sup>

In the name of public security, through an agreement with the mayor of the municipality of Urique signed in 2006, Goldcorp's subsidiary pays \$2500 a month for five uniformed and armed police officers, who are stationed within the installations of the El Sauzal mine.<sup>131</sup>

### **USA - Marigold Mine**

Glamis Marigold Mining Company

Goldcorp 66.7% interest, Barrick Gold 33.3% interest

Marigold is situated in Humboldt County, Nevada. The property has been producing since 1988, and covers 28.9 square miles. The Marigold operation comprises 11 open pits, eight waste rock stockpiles, three leach pads with 16 cells, two carbon-in-leach processing facilities, and a carbon processing and refining facility.<sup>132</sup> Goldcorp reports that 30-40 million tonnes of waste rock and 10-15 million tonnes of oxide ore are mined per year.<sup>133</sup> The mine is very low grade, containing about 0.74 grams of gold per tonne of ore, and a ratio of waste to ore of 3.4.<sup>134</sup>

The Marigold mine is permitted as a "Zero Discharge Facility" by the state of Nevada, which requires the containment of all process fluids.<sup>135</sup> Local environmental groups and landholders have criticized the "Pollute first and clean up later" approach taken by the State of Nevada in the permitting process for Marigold.<sup>136</sup>

High levels of arsenic have been reported in dried up wells near the tailings impoundment areas at the Marigold mine.<sup>137</sup> In addition, substantial contaminant plumes under tailings impoundments and waste rock dumps were reported in 2004. According to Tom Myers of Great Basin Mine Watch, "the plumes are moving toward the Humboldt River and drinking water supplies."<sup>138</sup>

On November 15, 2006, Great Basin Mine Watch and Earthworks reported that Glamis had been caught seriously under-reporting mercury pollution from the Marigold mine. The under-reporting was discovered when Glamis, threatened with a lawsuit by a number of environmental groups, decided to

---

<sup>130</sup> Quijas. S. (2005. March 12). *Devastan mineras nueve zonas arqueológicas en Chihuahua*. La Jornada. Retrieved August 6, 2007 from <http://www.jornada.unam.mx/2005/03/12/037n1soc.php>

<sup>131</sup> Government of Urique. (2006). *CONVENIO DE COLABORACION PARA LA PRESTACIÓN DEL SERVICIO EXTRAORDINARIO DE SEGURIDAD PUBLICA*. Retrieved August 6, 2007 from [http://www.urique.gob.mx/atach2/urique/transparencia/Adjuntos/CN\\_2518CC\\_6826/CONVENIODECOLABORACIONfracc.%20XXIII.no%20gubernamentales.htm](http://www.urique.gob.mx/atach2/urique/transparencia/Adjuntos/CN_2518CC_6826/CONVENIODECOLABORACIONfracc.%20XXIII.no%20gubernamentales.htm)

<sup>132</sup> Goldcorp. (2007). *Marigold Mining*. Retrieved August 5, 2007 from <http://goldcorp.com/operations/marigold/mining/>

<sup>133</sup> *ibid.*

<sup>134</sup> Goldcorp. (2007). *Management's Discussion and Analysis for 2006*. Sedar.com.

<sup>135</sup> Nevada Division of Environmental Protection. (2004. September 12). *NOTICE OF DECISION: WATER POLLUTION CONTROL PERMIT*. Retrieved August 5, 2007 from <http://ndep.nv.gov/admin/public19.htm>

<sup>136</sup> *Ibid.*

<sup>137</sup> *ibid.*

<sup>138</sup> MiningWatch Canada (2004. December 12). *Glamis Gold Accused of Violating Indigenous Rights*. Retrieved August 5, 2007 from [http://www.miningwatch.ca/index.php?/189/Glamis Accused of Violating Indigenous Rights](http://www.miningwatch.ca/index.php?/189/Glamis%20Accused%20of%20Violating%20Indigenous%20Rights)

revise its emissions reporting to be in conformity with the federal *Emergency Planning and Right to Know Act* (the US *Toxics Release Inventory*).<sup>139</sup>

The releases were eight thousand percent higher for 2003 and six thousand percent higher in 2002 than previously reported. Mercury is a powerful neurotoxin, particularly for children.

A report that was released in February of 2007 showed that mercury levels in the parking lot at the Marigold mine were at 3139 nanograms per cubic metre, almost 10 times the federal limits for toxic exposure (mercury occurs naturally in the environment at a level of 5 nanograms per cubic metre).<sup>140</sup>

### **USA - Wharf open-pit gold mine**

Wharf Resources USA

Goldcorp 100% interest

Goldcorp has held a 100% interest in the Wharf mine since 1996.

Wharf is a heap-leach operation in the Bald Mountain mining district of South Dakota. The immediate area around the mine has been systematically explored for more than 25 years. The mine has been developed as a series of open pits, most of which are now mined out.

On July 21, 2000, 8,000 gallons (30,283 litres) of process solution containing cyanide overflowed from the operation, covering an area 5 feet wide by 400 feet long (1.5 m by 122 m).<sup>141</sup> In August of the following year, Goldcorp paid a US \$31,382 settlement for violations of Wharf's mine permit and surface water discharge permit relating to discharging water containing a higher level of selenium than permissible.<sup>142</sup> Goldcorp has also received a Notice of Violation related to nitrates in the groundwater systems.<sup>143</sup>

Scorecard, a US pollution information website, discloses the following information about the Wharf mine: "From 1998 to 2002, releases of suspected cardiovascular and blood toxicants to water have increased 366%."<sup>144</sup> Toxins released into water systems include nitrate compounds, sodium compounds, and cyanide compounds. Scorecard notes that, "From 2001 to 2002, releases of recognized carcinogens to air have increased 82%," including 2,240 tonnes of lead.<sup>145</sup>

<sup>139</sup> Earthworks. (2006. November 15). *Glamis Gold Caught Under-Reporting Mercury Releases*. Retrieved August 5, 2007 from [http://www.earthworkSACTION.org/PR\\_GlamisFormR.cfm](http://www.earthworkSACTION.org/PR_GlamisFormR.cfm)

<sup>140</sup> Lisa Mascaro. (2007. February 14). *Nevada's gold diggers mucking up the air*. Las Vegas Sun. Retrieved August 5, 2007 from <http://www.lasvegassun.com/sunbin/stories/sun/2007/feb/14/566660237.html>

<sup>141</sup> State of South Dakota. (2000. July 21). *Overflow at Wharf Contained*. Retrieved September 4, 2007 from <http://www.state.sd.us/DENR/DFTA/InformationServices/PressReleases/PR2000/july00.htm#Overflow%20at%20Wharf%20Contained>

<sup>142</sup> State of South Dakota (2001. August 16) *Wharf Resources Agrees to Make Environmental Improvements*. Retrieved September 4, 2007 from <http://www.state.sd.us/denr/DFTA/InformationServices/PressReleases/PR2001/august01.htm>

<sup>143</sup> Goldcorp Inc. (2002. December 31). *Annual Report of a Foreign Private Issuer - 40F*. Retrieved September 4, 2007 from <http://www.secinfo.com/dRX7g.2W1.htm>

<sup>144</sup> Scorecard. (2002). *Pollution Locator: Wharf Resources USA Inc*. Retrieved August 29, 2007 from [http://www.scorecard.org/env-releases/facility-chemical-detail.tcl?category=cardio%3f&modifier=water&tri\\_id=57754WHRFRTROJA](http://www.scorecard.org/env-releases/facility-chemical-detail.tcl?category=cardio%3f&modifier=water&tri_id=57754WHRFRTROJA)

<sup>145</sup> Scorecard. (2002). *Pollution Locator: Wharf Resources USA Inc*. Retrieved August 29, 2007 from [http://www.scorecard.org/env-releases/facility-chemical-detail.tcl?category=cancer&modifier=air&tri\\_id=57754WHRFRTROJA](http://www.scorecard.org/env-releases/facility-chemical-detail.tcl?category=cancer&modifier=air&tri_id=57754WHRFRTROJA)

Current operations are carried out in the Trojan pit which is being developed in four phases and which will supply ore until the exhaustion of reserves early in 2007. The Foley pit, which lies adjacent to the Trojan pit, was mined out in 2002 and is currently being backfilled.

As of March 31, 2003, the Wharf mine was non-unionized and had 117 hourly and 22 salaried employees.<sup>146</sup>

### ***Goldcorp Projects in Advanced Development:***

#### **Dominican Republic - Pueblo Viejo**

Pueblo Viejo Dominicana Corporation (PVDC)

Goldcorp, 40% interest, Barrick Gold Corp, 60% interest.

The first documented reference to Spanish mine workings in the Pueblo Viejo area dates to 1505. Based on the abundance and size of the town site ruins, it is believed that the mining activity was quite sizeable. Spanish mining activity continued until 1525; however, reduction in the native work force due to oppressive working conditions and disease, and much larger gold discoveries in other parts of the New World, led to a cessation of mining.

In 1950, the government of General Rafael Trujillo directed that the workings be evaluated for possible exploration effort. In the 1960s, a US marine was granted a 75-year concession for 752 acres; gradually, from 1973 onwards, the Dominican government through the Central Bank began to take control of the company, and by 1979 the majority state-owned Rosario Dominicana, S.A. was the sole owner.<sup>147</sup> The mine was operated from 1975 until it closed in 1999 by Rosario Dominicana.

According to a 2005 report by consultants:

Metal mining is held in low regard in the Dominican Republic because of the negative experiences at Pueblo Viejo, which included displacement of families; a history of social tension and conflict between the mine and various elements of the community; and a legacy of unemployment, poverty, pollution, and insufficient benefit reaching the community to offset the negative impacts.<sup>148</sup>

In the 1970s, 500 families were displaced to make way for the project.

Pollution has been a very serious problem at Pueblo Viejo. In 1979, the tailings dam overflowed during a hurricane and a number of families were displaced. As well, there have been serious problems with acid mine drainage, which has displaced many more families surrounding the mine site, and continues to cause problems today.<sup>149</sup> A recent Associated Press article notes that:

“Acid run-off flows down the mountain, pooling in red ditches along abandoned roads while sprawling fields of mineral waste lie under barren rainwater lakes. The narrow Margajita River is now a reddish-

---

<sup>146</sup> Goldcorp. (2002. December 31). *Goldcorp Inc. 20F*. Retrieved July 30, 2007 from <http://www.secmf.com/dRX7g.2W1.htm>

<sup>147</sup> FERNANDEZ-CAAMANO, R. JOHNSON, S. (2005. April). *Consequences of Technology Transfer in the Pueblo Viejo Gold Mine*. Comparative Technology Transfer and Society, volume 3, number 1. Retrieved August 28, 2007 from [http://muse.jhu.edu/demo/comparative\\_technology\\_transfer\\_and\\_society/v003/3.1fernandez-caamano.pdf](http://muse.jhu.edu/demo/comparative_technology_transfer_and_society/v003/3.1fernandez-caamano.pdf)

<sup>148</sup> *ibid.*

<sup>149</sup> *ibid.*

brown trickle of acid that has killed the fish and forces the people of tiny Los Cacaos to travel more than 6 miles (10 kilometres) for safe drinking water.”<sup>150</sup>

In 2001, there were 100 families living in extreme poverty in an area called Los Cacaos within the security perimeter of the mine site and lacking access to safe drinking water; a consultant report notes that these families were “waiting to be relocated.”<sup>151</sup>

There are two pits that will be exploited and the expected mine life for the reopened Pueblo Viejo is 20 years. Ore will be pressure treated and then treated with cyanide. The mine will produce gold, silver, copper and zinc.

Placer Dome bid successfully to take control of the mine site in July 2001. Barrick took over Placer Dome in spring of 2006, and Goldcorp bought a 40% stake in Pueblo Viejo and various other former Placer Dome properties from Barrick for 1.4 billion dollars shortly after.

As part of the special lease agreement with the Dominican government, the government is responsible for finding permanent and reliable water sources for the mine, for relocating families, for mitigation of all historical environmental problems, and for acquiring all land rights necessary for the mine and tailings areas.<sup>152</sup>

It is estimated that 1,000 people will lose property or be displaced by the mine, and cleanup of historic contamination alone is expected to cost the Dominican government US\$100,000,000.<sup>153</sup>

### **Guatemala - Cerro Blanco**

Montana Exploradora de Guatemala S.A.  
Goldcorp, 100% interest

There are five communities in Cerro Blanco, comprising about 500 families. Élmer Martínez, the mayor of Ascunción Mita, the main town near the project in southwestern Guatemala, stated in March 2007 that there should be a *Consulta* before mining activity is carried out, noting that “first we need to analyze the benefits that it would bring to the communities, because if the gold is there and we can’t extract it ourselves, we should not give it away.”<sup>154</sup>

The concession was granted in 1996, and the internal feasibility study was carried out in the first half of 2007.

Madre Selva, a Guatemalan ecologist collective, criticized the Environmental Impact Assessment for a variety of reasons, including: lack of mitigation of contaminants, planned discharge of basic (pH 10.5)

---

<sup>150</sup> Associated Press. (2007. August 28). *Canadian company says huge Dominican mine hinges on costly cleanup*. Retrieved August 29, 2007 from <http://www.iht.com/articles/ap/2007/08/28/business/CB-FIN-Dominican-Mine-Pollution.php>

<sup>151</sup> *ibid.*

<sup>152</sup> Goldcorp Inc. (2007. March 27). *Amended Annual Information Form*. Retrieved August 6, 2007 from <http://www.secmf.com/dsr2t.ubf.d.htm>

<sup>153</sup> Associated Press. (2007. August 28). *Canadian company says huge Dominican mine hinges on costly cleanup*. Retrieved August 29, 2007 from <http://www.iht.com/articles/ap/2007/08/28/business/CB-FIN-Dominican-Mine-Pollution.php>

<sup>154</sup> Calito, I. (2007. March 27). *Buscan otra mina*. Prensa Libre. Retrieved June 11, 2007 from <http://www.prensalibre.com/pl/2007/marzo/27/166877.html>

process-affected water, the location of the tailings impoundment areas near the Salinas streams, and lack of certainty around land title in the affected areas.<sup>155</sup>

As well, Madre Selva notes that when consultation took place in local communities in April 2005, the company did not disclose that mineral processing would take place on-site.<sup>156</sup> There are also significant archaeological sites in the area.

### **Mexico - Peñasquito**

Minería de Peñasquito S.A. de C.V.  
Goldcorp, 100% interest

Peñasquito is Goldcorp's bread and butter project in development. It is in the state of Zacatecas, in an area where there has been no previous mining activity. The Peñasquito mine will be by far the largest operated by Goldcorp, with plans to peak at mining 500,000 tonnes of ore per day.<sup>157</sup> It will include both an operation for sulphide ores producing lead and zinc and a heap leach operation for oxide ores producing silver and gold.<sup>158</sup> At this point the extent of the mineral reserves are not yet known.

As of 2007, a new road was being constructed by the Mexican state to service the mine, and the remaining 2.5 kilometres of roadway over a mountain pass were stopped for "lack of government funds."<sup>159</sup> "A new road is being constructed by the State of Zacatecas from just east of the Peñasquito Project to Highway 54 approximately 25 kilometres south of Concepción del Oro. This road will provide good access to the Peñasquito Property. The road is approximately 70% complete with about 2.5 kilometres yet to be completed over a mountain pass. Construction of the road has been halted for lack of government funds. The final portion of the road must be completed before the start of construction at the Peñasquito Project and it is anticipated that Glamis will need to fund approximately \$2 million of construction costs."<sup>160</sup>

The surface rights at Peñasquito are held by three communal land holders (ejidos) and one private individual. Goldcorp is negotiating with Ejido members (communal land holders) individually, which is cause for concern given how similar negotiations have seriously divided communities in other mining areas.

A town will be relocated to build the Peñasquito mine.<sup>161</sup>

The Peñasquito mine has sought permits allowing them to use 10 million cubic metres (equivalent to ten billion litres) of water a year, or 27,397,260 litres per day.<sup>162</sup> A permit to use half that amount of water has already been granted by Mexican authorities.

---

<sup>155</sup> Madre Selva. (2007. August 16). *Razones de nuestra oposición al Estudio de Evaluacion de Impacto Ambiental del proyecto minero Cerro Blanco*. Retrieved August 16, 2007 from <http://www.albedrio.org/htm/otrosdocs/comunicados/madreselva-005.htm>

<sup>156</sup> Ibid.

<sup>157</sup> Goldcorp Inc. (2007. March 27). *Amended Annual Information Form*. Retrieved August 6, 2007 from <http://www.secinfo.com/dsr2t.ubf.d.htm> , page 48

<sup>158</sup> Ibid, page 48

<sup>159</sup> Ibid.

<sup>160</sup> Ibid, page 43

<sup>161</sup> Goldcorp Inc. (2006. December). *Peñasquito Analyst Tour*. Retrieved August 9, 2007 from [http://www.goldcorp.com/resources/presentations/archived/penasquito\\_tour\\_2006.pdf](http://www.goldcorp.com/resources/presentations/archived/penasquito_tour_2006.pdf)



### **USA – Imperial Mine**

Glamis Imperial Corporation  
Goldcorp 100% interest

The Imperial project is a proposed open pit gold mining operation in the Imperial Valley in California. It consists of 187 mining claims and 277 mill sites on approximately 650 hectares of federal public lands.<sup>163</sup> According to environmental groups, the proposed mine would be adjacent to a desert wilderness area, including 88 acres of woodland, and the operation would consume 389 million gallons of water annually from the desert groundwater aquifer.<sup>164</sup> Glamis acquired the project in 1987.

The Quechan tribe on the Fort Yuma reserve in California have been involved in a battle with Goldcorp/Glamis Gold over the proposed 880 foot deep, mile wide open pit cyanide leaching gold operation for more than a decade. The Quechan claim that the mine is too close to an area near Indian Pass, which they hold sacred, known as the “spirit trail.”<sup>165</sup>

Mike Jackson, leader of the Quechan tribe, is quoted in the *New York Times* as saying that “[Glamis] came and offered money, trucks and other things,” he says. “I told them I’m not going to take one penny, and to get out of my office.”<sup>166</sup>

According to the National Trust, who listed the area on its 11<sup>th</sup> Annual *Most Endangered Places List* in 2002, “At a sacred place near the lower Colorado River in Imperial County, California, Native Americans from the Quechan Tribe have come for thousands of years on spiritual pilgrimages. Among the artefacts they have left are pottery shards, petroglyphs and ancient rock sculptures that lie untouched in the sand.”<sup>167</sup> The National Trust currently lists the area as “endangered.”

In April of 2003, the State of California adopted new regulations that would protect Indian Pass. Special Bill 22 requires metal mining companies to back fill open pits near sacred sites and restore them to pre-mining conditions when the mining operations end.<sup>168</sup> In July of 2003, claiming that this had made the Imperial mine economically unfeasible, Glamis gave notice that it would pursue arbitration under the North American Free Trade Agreement’s Chapter 11.

---

<sup>162</sup> Goldcorp Inc. (2007. March 27). *Amended Annual Information Form*. Retrieved August 6, 2007 from <http://www.secmf.com/dsr2t.ubf.d.htm>

<sup>163</sup> Glamis Gold inc. (2003. December 9). *Notice of Arbitration*. Retrieved August 13, 2007 from <http://www.state.gov/documents/organization/27320.pdf>

<sup>164</sup> Friends of the Earth, Oxfam. (2004). *Glamis Gold: A Case Study of Investing in Destruction*. Retrieved August 13, 2007 from <http://www.foe.org/camps/intl/greentrade/GlamisBriefingNote.pdf>

<sup>165</sup> May, J. (2005. March 9). *Mining Company Files for NAFTA Arbitration*. Indian Times. Retrieved August 13, 2007 from <http://indiancountry.com/content.cfm?id=1096410498>

<sup>166</sup> Schwartz, N. (2007. August 12). *Far From the Reservation, but Still Sacred?* New York Times. Retrieved August 13, 2007 from <http://www.nytimes.com/2007/08/12/business/yourmoney/12tribe.html?ex=1344571200&en=329fc2c807a12d3c&>

<sup>167</sup> National Trust. (2007). *America’s 11 Most Endangered Historic Places: Significant Sites and Still-Endangered Sites*. Retrieved August 13, 2007 from <http://www.nationaltrust.org/11Most/20th/background.pdf>

<sup>168</sup> Glamis Gold inc. (2003. December 9). *Notice of Arbitration*. Retrieved August 13, 2007 from <http://www.state.gov/documents/organization/27320.pdf>

Glamis claimed that in adopting the new regulations, the United States has “denied Glamis Imperial the minimum standard of treatment under international law... and has expropriated Glamis Imperial’s valuable mining property interests without providing prompt and effective compensation.”<sup>169</sup>

In the most recent rejoinder by the United States of America to Glamis, dated February 22, 2007, the US states “Glamis’s claims were dependent upon a distorted view of the facts and non-existent legal principles.”<sup>170</sup>

The Quechan tribe is concerned that if a decision is made in favour of Glamis Gold, “then it is possible that Glamis could both receive a monetary award and then also have the benefit of its allegedly valueless claims, meaning it could then presumably use or sell them, once again placing the Tribe’s sacred lands at risk.”<sup>171</sup>

The final arbitral hearings in the case will take place on September 18-19, 2007.

### ***Goldcorp Mines on Care and Maintenance:***

#### ***Canada - Equity Silver Mine***

In 1981, acid rock drainage was discovered, originating from the mined waste rock. It is estimated that the Equity Silver mine, near Houston, British Columbia, will generate acid mine drainage for between 500 and 150,000 years.<sup>172</sup>

#### ***Mexico - San Nicolas***

The San Nicolas copper, zinc, silver and gold mine in the state of Zacatecas is 40% owned by Goldcorp, 60% by Teck Cominco. It has been on care and maintenance since 2002.

---

<sup>169</sup> *ibid.*

<sup>170</sup> United States of America (2007. February 22). *Rejoinder of Respondent United States of America*. Retrieved August 13, 2007 from <http://www.state.gov/documents/organization/82700.pdf>

<sup>171</sup> Quechan Indian Nation. (2006. October 16). *Submission of Non-Disputing Party Quechan Indian Nation*. Retrieved August 13, 2007 from <http://www.state.gov/documents/organization/75016.pdf>

<sup>172</sup> Sierra Club of BC et al. (1998. June). *A SUBMISSION TO THE COMMISSION ON ENVIRONMENTAL COOPERATION*. Retrieved September 2, 2007 from <http://www.cec.org/files/pdf/sem/98-4-SUB-E.pdf>

**APPENDIX I**  
**GOLDCORP PRINCIPAL SUBSIDIARIES AND PRINCIPAL MINERAL PROPERTIES**  
**(from Goldcorp's 2006 Annual Information Form)**

