GOLDCORP INC
Form 6-K
March 08, 2007

FORM 6-K
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of March, 2007

Goldcorp Inc.
(Translation of registrant s name into English)

Park Place, Suite 3400, 666 Burrard Street
Vancouver, British Columbia V6C 2X8 Canada
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F:
Form 20-F o Form 40-F þ

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): o

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): o

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant s home country), or under the rules of the home country exchange on which the registrant s securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant s security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:
Yes o No þ

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-____________

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GOLDCORP INC.

By: /s/ Anna M. Tudela
Name: Anna M. Tudela
Title: Director, Legal and
Assistant Corporate Secretary

Date: March 7, 2007

Management s Discussion and Analysis
of Financial Condition and Results of Operations
For the Year Ended December 31, 2006

This Management s Discussion and Analysis should be read in conjunction with Goldcorp s audited consolidated financial statements for the year ended December 31, 2006 and related notes thereto which have been prepared in accordance with Canadian generally accepted accounting principles. This Management s Discussion and Analysis contains forward-looking statements that are subject to risk factors set out in a cautionary note contained herein. All figures are in United States dollars unless otherwise noted. This Management s Discussion and Analysis has been prepared as of March 7, 2007.

2006 FINANCIAL/OPERATIONAL HIGHLIGHTS

Record net earnings of $408.3 million ($0.94 per share), compared to $286 million ($0.91 per share) in 2005. Adjusted net earnings (1) amounted to $434.2 million ($1.00 per share) for 2006.

Operating cash flows increased substantially to $791.3 million, compared to $465.8 million in 2005.

Gold production increased almost 50% to 1,693,300 ounces (2005 1,136,300 ounces).

Total cash costs of $33 per ounce (net of by-product copper and silver credits), compared to $22 per ounce in 2005. (2)

Dividends paid of $79.1 million for the year.

Cash and cash equivalents at December 31, 2006 totaled $555.2 million (December 31, 2005 $562.2 million).

CORPORATE DEVELOPMENT HIGHLIGHTS

On March 31, 2006, Goldcorp acquired the Éléonore gold project in Quebec from Virginia Gold Mines Ltd. (Virginia) for total consideration of $406 million, by issuing 19.3 million common shares and warrants of Goldcorp.

On May 12, 2006, Goldcorp closed on the agreement with Barrick Gold Corporation (Barrick) to acquire Placer Dome Inc s (Placer Dome s) Canadian operations and other assets for cash of approximately $1.6 billion.

Goldcorp closed the early warrant exercise transaction during the second quarter. Proceeds received were approximately $455 million, which were subsequently used to repay credit facilities used to fund the acquisition of certain Placer Dome assets.

On November 4, 2006, Goldcorp closed the agreement with Glamis Gold Ltd (Glamis) to combine, thus creating one of the world s largest gold companies. Each Glamis common share was exchanged for 1.69 Goldcorp common share and C$0.0001 in cash for a total purchase price of approximately $8.2 billion.

On February 19, 2007, Goldcorp announced that it had signed a Letter of Intent to sell Peak mine in Australia and Amapari mine in Brazil to GPJ Ventures Ltd in exchange for $200 million in cash and $100 million in share considerations. Goldcorp will own approximately 22% of the new company upon close of the transaction.

(1)

Adjusted net earnings are reported net earnings less the gain on sales of subsidiary shares after tax of $88 million, less foreign exchange on revaluation of future income tax liabilities of $5 million, less dilution gain of $64 million and adding back the write down of mineral interests of $175 million and non-hedge derivative after tax gain of $3 million and loss on marketable securities of $5 million. Adjusted net earnings is a non-GAAP measure, the Company believes that, in addition to conventional measures, prepared in accordance with GAAP, certain investors use this information to evaluate the Company s performance and ability to generate cash flow. Accordingly, it is intended to provide

additional
information

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and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

(2) The Company has included a non-GAAP performance measure, total cash cost per gold ounce, throughout this document. The Company reports total cash costs on a sales basis. In the gold mining industry, this is a common performance measure but does not have any standardized meaning, and is a non-GAAP measure. The Company follows the recommendations of the Gold Institute standard. The Company believes that, in addition to conventional measures, prepared in accordance with GAAP, certain investors use this information to

evaluate the Company s performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

OVERVIEW

Goldcorp is a leading gold producer engaged in gold mining and related activities including exploration, extraction, processing and reclamation. The Company s assets are comprised of the Red Lake, Porcupine (51% interest) and Musselwhite (68% interest) gold mines in Canada, the Alumbrera gold/copper mine (37.5% interest) in Argentina, the El Sauzal gold mine and Luismin gold/silver mines in Mexico, the Marlin gold/silver mine in Guatemala, the San Martin gold mine in Honduras, the Amapari gold mine in Brazil, the La Coipa gold/silver mine (50% interest) in Chile, the Peak gold mine in Australia and the Marigold gold mine (67% interest) and Wharf gold mine in the United States. Significant development projects include the expansion of the existing Red Lake mine, the Peñasquito gold/silver/zinc project and Los Filos gold project in Mexico, the Éléonore gold project in Canada, the Cerro Blanco gold project in Guatemala and the Pueblo Viejo gold project (40% interest) in the Dominican Republic. Goldcorp also owns a 49% interest in Silver Wheaton Corp (Silver Wheaton), a publicly traded silver mining company, and 77% interest in Terrane Metals Corp (Terrane , formerly Atlas Cromwell Ltd), a publicly traded exploration company. Goldcorp is listed on the New York Stock Exchange (symbol: GG) and the Toronto Stock Exchange (symbol: G). In addition, the Company has share purchase warrants which trade on the New York Stock Exchange and Toronto Stock Exchanges.

Goldcorp s strategy is to provide its shareholders with superior returns from high quality assets. Goldcorp has a strong and liquid balance sheet, and has not hedged or sold forward any of its future gold production.

Goldcorp is one of the world s lowest cost and fastest growing senior gold producer with operations throughout the Americas and Australia.

ACQUISITION OF GLAMIS GOLD LTD

On August 31, 2006, Goldcorp and Glamis Gold Ltd (Glamis) entered into an agreement to combine the two companies. On October 26, 2006, the Glamis shareholders overwhelmingly approved the transaction under the plan of arrangement and the transaction closed on November 4, 2006.

Upon closure of the acquisition, Goldcorp acquired interests in the El Sauzal mine (100%) in Mexico, Marlin mine (100%) in Guatemala, Marigold mine (67%) in the United States, San Martin mine (100%) in Honduras, the Peñasquito project (100%) in Mexico, and the Cerro Blanco project (100%) in Guatemala.

Under the terms of the arrangement, each Glamis common share was exchanged for 1.69 Goldcorp common shares and C$0.0001 in cash. All outstanding Glamis stock appreciation rights (SAR s) were exercised by the holders into Glamis shares such that holders of the SAR s received Goldcorp shares and cash at the same share exchange ratio.

Each Glamis stock option, which gave the holder the right to acquire shares in the common stock of Glamis when presented for execution, was exchanged for a stock option giving the holder the right to acquire shares in the common stock of Goldcorp on the same basis as the exchange of Glamis common shares for Goldcorp common shares.

This business combination has been accounted for as a purchase transaction, with Goldcorp being identified as the acquirer and Glamis as the acquiree. The results of operations of the acquired assets are included in the consolidated financial statements of Goldcorp from the date of acquisition, November 4, 2006.

The purchase consideration has been allocated on a preliminary basis to the fair value of assets acquired and liabilities assumed, with goodwill assigned to specific reporting units, based on management s best estimates and taking into account all available information at the time these consolidated financial statements were prepared. Goldcorp will continue to review information and perform further analysis with respect to each of the Glamis assets, including an independent valuation, prior to finalizing the allocation of the purchase price. This process will be performed in accordance with the recent accounting pronouncement relating to *Mining Assets Impairment and Business Combination* (Emerging Issues Committee Abstract 152). Although the final results of this review are presently unknown, it is anticipated that it may result in a change to the amount assigned to goodwill and a change to the value attributable to tangible assets and future income tax liabilities.

ACQUISITION OF CERTAIN PLACER DOME MINING ASSETS

On October 30, 2005, Goldcorp entered into an agreement with Barrick to acquire certain of Placer Dome Inc (Placer Dome) s Canadian and other mining assets and interests upon Barrick s successful acquisition of Placer Dome. On March 15, 2006, Barrick acquired 100% of the outstanding shares of Placer Dome for approximately $10 billion in shares and cash. On May 12, 2006, Goldcorp completed the agreement with Barrick for cash of approximately $1.6 billion. The acquisition was funded with a $250 million advance payment paid in January 2006 from cash on hand. The remainder was paid upon closing by drawing down on credit facilities in the amount of $1.3 billion and cash on hand. On June 9, 2006, Goldcorp closed on the early warrant exercise transaction. Proceeds received were approximately $455 million, which were subsequently used to repay credit facilities drawn down to fund the acquisition of Placer Dome assets. Goldcorp has acquired interests in the Campbell (100%), Porcupine (51%) and Musselwhite (68%) gold mines in Canada, and the La Coipa (50%) gold/silver mine in Chile. Goldcorp also acquired a 40% interest in the Pueblo Viejo gold development project in the Dominican Republic, together with Placer Dome s interest in its Canadian exploration properties, including the Mount Milligan copper/gold deposit in British Columbia. On July 24, 2006, Goldcorp completed the sale of Mount Milligan and certain other Canadian exploration interests to Terrane for 240 million convertible preferred shares of Terrane at a price of C$0.50 per share. The preferred shares are convertible into common shares of Terrane at the option of Goldcorp at any time without any further consideration. On an as-converted basis, Goldcorp owns approximately a 77% equity interest in Terrane s issued and outstanding shares.

This business combination has been accounted for as a purchase transaction, with Goldcorp being identified as the acquirer. The results of operations of the acquired assets are included in the consolidated financial statements of Goldcorp from the date of acquisition, May 12, 2006.

The purchase consideration has been allocated to the fair value of assets acquired and liabilities assumed, with goodwill assigned to a specific reporting unit, based on management s best estimates and taking into account all available information at the time of acquisition as well as applicable information at the time the consolidated financial statements were prepared. This process was performed in accordance with recent accounting pronouncements relating to Mining Assets and Business Combinations (CICA Emerging Issues Committee Abstract 152). An independent valuation of the assets acquired was completed in February 2007, supporting management s allocation of the purchase consideration.

ACQUISITION OF VIRGINIA GOLD MINES INC

In December 2005, the Company announced that it had entered into an agreement with Virginia Gold Mines Inc (Virginia) to acquire Virginia s Éléonore gold project in Quebec, Canada. Under the agreement, shareholders of Virginia received 0.4 of a Goldcorp common share and 0.5 of a share in a new public exploration company (New Virginia) for each issued and outstanding Virginia share. On March 31, 2006, Goldcorp completed the acquisition of Virginia and retained the Éléonore gold project. On March 31, 2006, Goldcorp issued 19.3 million common shares, and warrants, pursuant to the transaction valued at total consideration of $406 million.

ACQUISITION OF WHEATON RIVER MINERALS LTD

In December 2004, Goldcorp and Wheaton River Minerals Ltd (Wheaton) announced a take-over bid by Goldcorp for Wheaton on the basis of one Goldcorp share for every four Wheaton shares. On February 14, 2005, the minimum two-thirds bid requirement under the

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terms of the Goldcorp offer was satisfied. With conditions met, a special $0.50 per share cash dividend, totaling approximately $95 million, was paid to existing Goldcorp shareholders. Goldcorp included, with the exception of net earnings, 100% of Wheaton s operating results from February 14 to April 15, 2005. Net earnings for this period include 82% of Wheaton s operating results. On April 15, 2005, Goldcorp acquired the remaining 18% of Wheaton. A non-controlling interest was assigned to the 18% interest in Wheaton that Goldcorp did not own from February 14 to April 15, 2005 upon which date this non-controlling interest was eliminated. Total consideration amounted to $2.235 billion, including acquisition costs, satisfied by the issuance of 143.8 million Goldcorp shares.

SUMMARIZED ANNUAL FINANCIAL RESULTS

(in US $ millions, except where noted)

	2006(1)	2005 (2)	2004
Revenues	**$ 1,710.0**	$ 896.4	$ 191.0
Gold (ounces)			
Produced	**1,693,300**	1,136,300	628,000
Sold	**1,708,000**	1,344,600	427,600
Average realized gold price (per ounce)	**$ 610**	$ 452	$ 409
Average London spot gold price (per ounce)	**$ 604**	$ 444	$ 409
Earnings from operations	**$ 455.3**	$ 405.2	$ 80.8
Net earnings	**$ 408.3**	$ 285.7	$ 51.3
Earnings per share			
Basic	**$ 0.94**	$ 0.91	$ 0.27
Diluted	**$ 0.93**	$ 0.83	$ 0.27
Cash flow from operating activities	**$ 791.3**	$ 465.8	$ 53.1
Total cash costs (per gold ounce)(3)	**$ 33**	$ 22	$ 115
Dividends paid	**$ 79**	$ 151	$ 53
Cash and cash equivalents	**$ 555.2**	$ 562.2	$ 333.4
Total assets	**$ 17,965.9**	$ 4,066.0	$ 701.5

(1) Includes Goldcorp s share of results of Campbell, Musselwhite (68%), Porcupine (51%) and La Coipa (50%) from May 12, 2006, the date of acquisition. Also includes Goldcorp s share of results of El Sauzal, Marlin, San Martin and Marigold (67%)

from November 4, 2006, the date of acquisition.

(2) Includes, with the exception of net earnings, 100% of Wheaton s results for the period subsequent to February 14, 2005, the date of acquisition. Net earnings include 82% of Wheaton s results from February 15, 2005 to April 15, 2005 and 100% from April 16, 2005 onward.

(3) The calculation of total cash costs per ounce of gold is net of by-product sales revenue (by-product copper revenue for Peak and Alumbrera; by-product silver revenue for La Coipa and Marlin at market silver prices; and by-product silver revenue for Luismin of \$3.90 per silver ounce sold to Silver Wheaton).

Review of Annual Financial Results:

The last two years have been an incredible growth phase through acquisitions, starting with the acquisition of Wheaton in February 2005 and followed in 2006 with the acquisitions of certain Placer assets, Virginia, and the Glamis mines and projects. These acquisitions, along with the rise in commodity prices, have significantly transformed Goldcorp and resulted in substantial increases in revenue, gold production and sales, earnings, cash flows and assets. Net earnings in 2006 were impacted by the non-cash impairment on the Amapari mine of $175 million offset partially by $88 million after-tax gain on sale of Silver Wheaton shares. Total cash costs per ounce decreased significantly in 2006 and 2005 as compared to 2004 due to the addition of by-product copper and silver credits from mines acquired through acquisition.

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Quarterly Financial Review

	2006[1]				
	Q1	Q2	Q3	Q4	Total
Revenues	**$ 286.3**	**$ 491.5**	**$ 418.9**	**$ 513.3**	**$ 1,710.0**
Gold (ounces)					
Produced	295,100	378,500	431,800	**587,900**	**1,693,300**
Sold	288,400	398,700	421,400	**599,500**	**1,708,000**
Average realized gold price (per ounce)	$ 560	$ 620	$ 620	$ **620**	$ **610**
Earnings from operations	**$ 140.5**	**$ 219.5**	**$ 143.9**	**$ (48.6)**	**$ 455.3**
Net earnings	**$ 92.4**	**$ 190.4**	**$ 59.5**	**$ 66.0**	**$ 408.3**
Earnings per share[3]					
Basic	$ 0.27	$ 0.50	$ 0.14	$ 0.11	**$ 0.94**
Diluted	$ 0.24	$ 0.49	$ 0.14	$ 0.11	**$ 0.93**
Cash flow from operating activities	**$ 74.4**	**$ 240.1**	**$ 221.4**	**$ 255.4**	**$ 791.3**
Total cash costs (per gold ounce)[4]	**$ (88)**	**$ (123)**	**$ 84**	**$ 160**	**$ 33**

	2005 [2]				
	Q1	Q2	Q3	Q4	Total
Revenues	**$ 122.8**	**$ 301.6**	**$ 203.7**	**$ 268.3**	**$ 896.4**
Gold (ounces)					
Produced	275,400	281,000	283,700	296,200	1,136,300
Sold	217,500	543,100	276,700	307,300	1,344,600
Average realized gold price (per ounce)	$ 430	$ 432	$ 444	$ 492	$ 452
Earnings from operations	**$ 48.4**	**$ 160.3**	**$ 83.9**	**$ 112.6**	**$ 405.2**
Net earnings	**$ 29.5**	**$ 98.0**	**$ 56.5**	**$ 101.7**	**$ 285.7**
Earnings per share[3]					
Basic	$ 0.12	$ 0.30	$ 0.17	$ 0.30	$ 0.91
Diluted	$ 0.11	$ 0.28	$ 0.15	$ 0.27	$ 0.83
Cash flow from operating activities	**$ 80.2**	**$ 163.9**	**$ 84.8**	**$ 136.9**	**$ 465.8**
Total cash costs (per gold ounce)[4]	**$ 94**	**$ 52**	**$ 9**	**$ (73)**	**$ 22**

(1) Includes Goldcorp s share of results of Campbell, Musselwhite (68%), Porcupine (51%) and La Coipa (50%) from May 12, 2006, the date

of acquisition. Also includes Goldcorp s share of results of El Sauzal, Marlin, San Martin and Marigold (67%) from November 4, 2006, the date of acquisition.

(2) Includes, with the exception of net earnings, 100% of Wheaton s results for the period subsequent to February 14, 2005, the date of acquisition. Net earnings include 82% of Wheaton s results from February 15, 2005 to April 15, 2005 and 100% from April 16, 2005 onward.

(3) Sum of quarterly earnings per share may not equal the total for twelve months as each quarterly amount is calculated independently of each other.

(4) The calculation of total cash costs per ounce of gold is net of

by-product sales revenue (by-product copper revenue for Peak and Alumbrera; by-product silver revenue for La Coipa and Marlin at market silver prices; and by-product silver revenue for Luismin of $3.90 per silver ounce sold to Silver Wheaton).

Review of Quarterly Financial Results:

Net earnings for the fourth quarter of 2006 were $66 million or $0.11 per share, compared with $102 million or $0.30 per share in 2005. Net earnings for the fourth quarter were reduced by an impairment charge for the Amapari mine of $175 million offset partially by a gain on sale of Silver Wheaton share of approximately $88 million after tax. Adjusted net earnings(1) amounted to $113.5 million ($0.19 per share). Operating cash flows increased 87% to $255.5 million ($0.43 per share), compared with $136.9 million ($0.40 per share) in 2005. Gold production nearly doubled to 587,900 ounces in the fourth quarter of 2006 compared with 296,200 ounces in

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2005. Gold sales also doubled to 599,500 ounces at a total cash cost of $160 per ounce, compared with 307,300 ounces at a total cash cost of minus $73 per ounce in 2005. The increase in cash costs is reflective of lower copper by-product credits in the fourth quarter of 2006 combined with increasing operating costs experienced industry-wide. Significant quarterly trends include the increasing gold production and sales throughout 2006, which is a result of the acquisitions of Placer assets (May 12, 2006) and Glamis mines (November 4, 2006). 2005 gold production increased due to the acquisition of Wheaton (February 14, 2005). Gold sales were higher than production in 2005 due to sale of gold bullion inventory which was previously withheld from sale. With the rise in realized gold prices and gold ounces sold, the Company has been able to generate stronger cash flows from operations quarterly in 2006 in comparison to 2005. Cash costs have risen on a quarterly basis as a result of less proportion of by-product credit revenue generating mines in the total production mix of the Company. The addition of Placer and Glamis mines have less by-product revenue, but this also means that the Company has increased its leverage to the gold price.

(1) Adjusted net earnings are reported net earnings less the gain on sales of subsidiary shares after tax of $88 million, less foreign exchange on revaluation of future income tax liabilities of $21 million, less non-hedge derivative after tax gain of $18 million, and adding back the write down of mineral interests of $175 million. Adjusted net earnings is a non-GAAP measure, the Company believes that, in addition to conventional measures, prepared in accordance with GAAP, certain investors use

this information to evaluate the Company s performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

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RESULTS OF OPERATIONS[1]

		Revenues	Gold produced (ounces)	Gold sold (ounces)	Average realized gold price (per ounce)	Earnings (loss) from operations	Total cash costs[3] (per ounce)
Red Lake[2]	**2006**	**$ 360.8**	**592,900**	**590,700**	**$ 608**	**$ 186.1**	**$ 195**
	2005	362.0	616,400	814,200	442	242.9	93
Musselwhite	**2006**	**62.6**	**99,700**	**101,400**	**618**	**3.7**	**349**
	2005						
Porcupine	**2006**	**72.9**	**113,500**	**118,100**	**618**	**16.9**	**430**
	2005						
Luismin[3]	**2006**	**159.6**	**208,400**	**207,000**	**606**	**37.8**	**131**
	2005	90.7	145,300	148,600	448	19.7	119
El Sauzal	**2006**	**45.1**	**63,600**	**71,000**	**630**	**14.3**	**97**
	2005						
Alumbrera[3]	**2006**	**593.1**	**240,200**	**237,700**	**613**	**334.2**	**(1,176)**
	2005	299.2	192,600	180,300	462	134.4	(643)
Marlin[3]	**2006**	**32.3**	**42,300**	**41,000**	**627**	**16.0**	**113**
	2005						
Amapari	**2006**	**51.7**	**84,200**	**85,500**	**604**	**(189.6)**	**524**
	2005						
La Coipa[3]	**2006**	**60.6**	**28,300**	**34,000**	**616**	**8.5**	**(243)**
	2005						
Marigold	**2006**	**19.2**	**24,900**	**30,700**	**625**	**6.3**	**308**
	2005						
Wharf	**2006**	**40.6**	**63,000**	**63,400**	**605**	**12.3**	**340**
	2005	37.1	62,500	80,800	446	3.9	304
Peak[3]	**2006**	**79.7**	**122,600**	**114,500**	**585**	**21.4**	**215**
	2005	58.8	119,500	120,700	462	17.0	228
San Martin	**2006**	**8.3**	**9,700**	**13,000**	**629**	**2.1**	**427**
	2005						
Silver Wheaton	**2006**	**158.5**				**75.7**	
	2005	65.7				19.5	
Terrane	**2006**					**(3.1)**	
	2005						
Other	**2006**	**(35.0)**				**(87.3)**	
	2005	(17.1)				(32.2)	
Total	**2006**	**1,710.0**	**1,693,300**	**1,708,000**	**610**	**455.3**	**33**
	2005	896.4	1,136,300	1,344,600	452	405.2	22

(1) Results of operations in

this section are from the date of acquisition as reported on the financial statement; Operational Review section is on a pro forma basis without adjusting for date of acquisition. Includes Goldcorp s share of results of Campbell, Musselwhite (68%), Porcupine (51%) and La Coipa (50%) from May 12, 2006, the date of acquisition. Also includes Goldcorp s share of results of El Sauzal, Marlin, San Martin and Marigold (67%) from November 4, 2006, the date of acquisition.

(2) Red Lake operating results include those of the Campbell mine from May 12, 2006, the date of acquisition. The inclusion of higher costs from the Campbell complex in 2006 is the

primary reason for increased cash costs per ounce period over period from prior year. The combined mines are presented as one mine going forward. 2005 gold sale included 199,300 ounces of gold bullion inventory.

(3) The calculation of total cash costs per ounce of gold is net of by-product sales revenue (by-product copper revenue for Peak and Alumbrera; by-product silver revenue for La Coipa and Marlin at market silver prices; and by-product silver revenue for Luismin of $3.90 per silver ounce sold to Silver Wheaton).

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OPERATIONAL REVIEW

Red Lake gold mines, Canada

	Q1	Q2	Q2(1)	Q3	Q4	**Total 2006**	Total 2005
Operating Data							
Tonnes of ore milled	184,700	191,900	137,100	184,000	208,300	**768,900**	675,500
Average mill head grade (grams/tonne)	29	29	34	28	27	**28**	38
Average recovery rate	97%	97%	96%	96%	96%	**97%**	97%
Gold (ounces)							
Produced	170,100	167,600	143,700	156,400	171,500	**665,600**	825,600
Sold	168,900	172,400	150,100	165,500	154,400	**661,200**	1,021,700
Average realized gold price (per ounce)	$ 560	$ 625	$ 623	$ 621	$ 618	**$ 609**	$ 444
Total cash costs (per ounce)	$ 181	$ 183	$ 180	$ 214	$ 239	**$ 195**	$ 138
Financial Data							
Revenues	$ 94.6	$ 107.8	$ 93.8	$ 103.6	$ 96.0	**$ 402.0**	$ 454.2
Earnings from operations	$ 36.7	$ 52.1	$ 53.5	$ 49.3	$ 39.0	**$ 177.1**	$ 248.9

(1) Campbell mine operations are included in Goldcorp s operating results for the period subsequent to May 12, 2006, the date of acquisition. This six week column includes 100% of Red Lake complex results for the quarter plus Campbell complex results

from May 12, 2006 through to June 30, 2006. Prior period combined data is shown for comparative purposes only and may not include all pro forma financial adjustments required had the acquisition in fact taken place in January 1, 2005.

The Red Lake gold mines produced 665,600 ounces of gold at a total cash cost of $195 per ounce, compared with 825,600 ounces of gold at a total cash cost of $138 per ounce in 2005; production was lower primarily as a result of the lower grade of 28 grams/tonne (2005 38 grams/tonne) which also impacted cash costs combined with a 7% increase in the Canadian dollar in relation to the US dollar. In 2005, the Company discontinued its previous practice of holding back from sales approximately one-third of the production. As a result, the 2005 gold sales of 1,021,700 ounces at Red Lake included 199,300 ounces from inventory produced, but not sold in 2004.

Integration of the Red Lake complex with the Campbell complex was the main focus and challenge of 2006. A new mine general manager was hired and a new integrated management team was put in place. On surface, the dividing boundary fence was removed and a connecting road was constructed. Underground, a connection to transport material to the Campbell Complex from the Red Lake Complex was completed in August. Operational and financial reporting systems have been integrated and all strategic business planning and budgeting have been consolidated.

During the year, progress was made relating to underground development work required to connect the new shaft to the existing mine. The shaft was advanced by 511 meters in 2006, bringing the depth to 1,919 meters as at December 31, 2006. Sinking of the shaft was completed on February 8th, 2007 and simultaneously the loading pocket and the initial section of the 43 level conveyor drift was excavated. Raise boring of ventilation raises to support the new infrastructure is in progress.

Expansion of the Red Lake Complex mill began in 2006 in order to increase capacity from approximately 800 tonnes per day to over 1,200 tonnes per day. The project entails upgrading the grinding circuit with the installation of a new vertimill and modifying the existing pumping equipment. It is 85% complete by 2006 year end and will be ready for commissioning by mid year of 2007. The combined processing capacity of the two complexes will be over 3,000 tonnes per day and will be required to mill the increased rate of ore delivery expected from the completion of the #3 shaft.

(in United States dollars, tabular amounts in millions, except where noted)

Musselwhite mine, Canada (Goldcorp s interest 68%(1))

	Q1	Q2	Q2(2)	Q3	Q4	**Total 2006**	Total 2005
Operating Data							
Tonnes of ore milled	240,800	218,900	118,900	203,200	222,000	**884,900**	**1,005,100**
Average mill head grade (grams/tonne)	4.71	5.65	5.87	6.38	5.44	**5.51**	**5.42**
Average recovery rate (%)	91%	94%	97%	95%	99%	**95%**	**95%**
Gold (ounces)							
Produced	33,200	37,600	21,700	39,600	38,400	**148,800**	**170,400**
Sold	33,900	37,800	24,400	38,200	38,800	**148,700**	**168,500**
Average realized gold price (per ounce)	$ 553	$ 618	$ 617	$ 636	$ 600	**$ 603**	$ 444
Total cash costs (per ounce)	$ 417	$ 375	$ 361	$ 436	$ 470	**$ 425**	$ **324**
Financial Data							
Revenues	$ 18.8	$ 23.4	$ 15.1	$ 24.4	$ 23.1	**$ 89.7**	$ **74.9**
Earnings from operations	$ (0.3)	$ 4.5	$ 1.9	$ 1.5	$ 0.3	**$ 6.0**	$ **1.4**

(1) Results from Musselwhite mine are only included in Goldcorp s financial results for the period subsequent to the date of acquisition May 12, 2006. Prior period results are shown for comparative purposes only and may not include all pro forma financial

adjustments required had the acquisition in fact taken place in January 1, 2005.

(2) This six week column includes Musselwhite s operations for the period May 12, 2006, the date of acquisition to June 30, 2006.

Gold production at Musselwhite was 13% lower in 2006 compared to 2005. In 2006 grade was slightly higher, however, mill throughput was 12% lower, primarily due to a shortfall in underground tonnes mined. During 2006 mine output was lower as a result of lower than planned equipment availability, stope failures early in the year, manpower turnover and unexpected power failures during the summer. These events directly impacted the mining plan and stope flexibility which resulted in a reduction in tonnes mined. During the fourth quarter of 2006, underground mining capacity improved as these challenges were addressed resulting in 9% improvement in mill throughput over the third quarter.

Cash costs per ounce were 31% higher in 2006 than 2005 due to reduced gold production (13%), higher cash operating costs (9%) as well as the effect of a 7% stronger Canadian dollar in relation to the US dollar. Most of the operating cost overrun was incurred by the underground mine in the development, mucking and level services areas as a result of higher equipment maintenance costs, increased labor and consumables costs.

Exploration drilling completed a 2,430 meter mother hole and two daughter holes on the North Shore of Opapimiskan Lake. This hole is located on the down-dip projection of the ore body, 3 kilometers from the existing reserves and 1.8 kilometers north of the last economic intersection on the main Musselwhite Trend. Drilling has intersected several iron formations and shear zones and has returned several narrow high grade intersections indicating the existence of gold in the mineralizing system well north of the existing mine. Drilling on this target continues in 2007.

Exploration also continues to obtain excellent results from the PQ Deeps and will continue mine development in 2007 in this area focusing on extending to existing PQ Deeps resources and converting the existing Inferred Mineral Resources to Mineral Reserves.

Management s Discussion and Analysis
(in United States dollars, tabular amounts in millions, except where noted)
Porcupine mine, Canada (Goldcorp s interest 51%)(1)

	Q1	Q2	Q2(2)	Q3	Q4	**Total 2006**	Total 2005
Operating Data							
Tonnes of ore milled	508,500	554,700	304,900	538,400	549,400	**2,151,000**	**2,175,600**
Average mill head grade (grams/tonne)	2.17	2.57	2.59	2.71	2.73	**2.55**	**2.87**
Average recovery rate (%)	90%	90%	94%	94%	95%	**93%**	**93%**
Gold (ounces)							
Produced	31,400	41,300	23,500	44,300	45,700	**162,700**	**190,900**
Sold	33,400	42,000	25,300	44,700	48,100	**168,200**	**186,100**
Average realized gold price (per ounce)	$ 554	$ 616	$ 610	$ 622	$ 617	**$ 606**	$ **443**
Total cash costs (per ounce)	$ 434	$ 361	$ 344	$ 337	$ 364	**$ 370**	$ **284**
Financial Data							
Revenues	$ 18.5	$ 26.0	$ 15.3	$ 27.9	$ 29.7	**$ 102.1**	$ **82.5**
Earnings from operations	$ (0.8)	$ 4.4	$ 3.4	$ 6.9	$ 6.6	**$ 17.1**	$ **(0.8)**

(1) Results from Porcupine mine are only included in Goldcorp s financial results for the period subsequent to the date of acquisition May 12, 2006. Prior period results are shown for comparative purposes only and may not include all pro

forma financial adjustments required had the acquisition in fact taken place in January 1, 2005.

(2) This column includes Porcupine s operations for the period May 12, 2006, the date of acquisition to June 30, 2006.

Gold production in 2006 of 162,700 ounces was 15% lower than the 190,900 produced in 2005 due to the transition from the higher grade Dome open pit mine to the lower grade Pamour open pit. Lower grades were compounded by higher than expected mining dilution and higher grade variability in parts of the Pamour open pit mined during the first half of 2006. These issues have been resolved and grades improved throughout the second half of 2006. This trend combined with mining optimization and other improvements resulted in gold production and cash costs in the second half versus the first half of 2006 24% higher and 10% lower respectively. Increased operating supply costs combined with lower production impacted unit costs negatively during the year as compared with 2005. However, cost reduction initiatives were successful in lowering operating costs mitigating the unit cost impact. 2006 cash costs were also impacted by a 7% strengthening of the Canadian dollar relative to the US dollar.

Exploration and project development continues to strengthen the core operating assets and identify new mining opportunities within the Timmins camp with 134,714m of diamond drilling completed in 2006. The drilling focused on expanding reserves at the high-grade Hoyle Pond deposit and outlining additional resources. Total reserve additions from all sources more than replaced 2006 production ounces and total mineral resources have seen increases from Hollinger, Brulan and Pamour.

(in United States dollars, tabular amounts in millions, except where noted)

Luismin mines, Mexico

	Q1	Q2	Q3	Q4	**Total 2006**	Total 2005(1)
Operating Data						
Tonnes of ore milled	255,800	267,400	276,700	285,800	**1,085,700**	912,400
Average mill head grade (grams/tonne)						
Gold	6.18	6.61	6.50	6.08	**6.34**	5.94
Silver	348	358	316	296	**328**	343
Average recovery rate (%)						
Gold	94%	94%	94%	94%	**94%**	95%
Silver	87%	89%	89%	89%	**89%**	89%
Produced (ounces)						
Gold	47,800	53,600	54,400	52,600	**208,400**	164,900
Silver	2,191,900	2,388,400	2,233,200	2,118,200	**8,931,700**	7,729,800
Sold (ounces)						
Gold	46,500	54,900	53,400	52,200	**207,000**	163,600
Silver	2,167,900	2,449,100	2,202,900	2,081,800	**8,901,700**	7,654,400
Average realized price (per ounce)						
Gold	$ 554	$ 629	$ 618	$ 615	**$ 606**	$ 445
Silver(2)	$ 3.90	$ 3.90	$ 3.90	$ 3.90	**$ 3.90**	$ 3.90
Total cash costs per gold ounce(2)	$ 117	$ 109	$ 132	$ 167	**$ 131**	$ 117
Financial Data						
Revenues	$ 34.2	$ 44.1	$ 41.5	$ 39.8	**$ 159.6**	$ 99.8
Earnings from operations	$ 9.0	$ 13.3	$ 10.5	$ 5.0	**$ 37.8**	$ 21.2

(1) This column shows the 2005 full year data for comparative purposes only. Luismin s operations are included in Goldcorp s financial results for the period subsequent to

February 14, 2005, the date of acquisition of Wheaton River Minerals.

(2) Luismin silver is sold to Silver Wheaton at a price of $3.90 per ounce. The calculation of total cash costs per ounce of gold is net of by-product silver sales revenue of $3.90 per silver ounce.

Luismin achieved record production levels in 2006 for the third consecutive year. Continued improvements to the milling process during 2006 led to an increase in mill throughput as well as a 44% increase in gold production. Development rates increased 25% at San Dimas enabling the mine to supply the mill at the higher production rates. Exploration activities continued throughout this year, achieving very good results in San Dimas, the new exploration areas of Graben Sinaloa and El Cristo. Exploration of the high grade zone of the Central Block continued to confirm grade and tonnage expectations. Despite the 2006 record production, proven and probably reserves increased by 53% from the previous year.

Exploration at the Nukay Mine and the peripherals, adjacent to the Los Filos project, has confirmed the presence of economical ore around the intrusive contact with the limestone (Skarn) and the potential is open to depth. The total proven and probable gold reserves at Nukay more than doubled in 2006 to 700,000 ounces and is an important indication of the prospectivity of this area.

Management s Discussion and Analysis
(in United States dollars, tabular amounts in millions, except where noted)

El Sauzal mine, Mexico[1]

	Q1	Q2	Q3	Q4	Q4[2]	**Total 2006**	Total 2005
Operating Data							
Tonnes of ore mined	678,500	706,800	610,800	637,500	414,600	2,633,600	2,141,400
Tonnes of waste removed	1,073,700	1,250,500	1,270,300	1,163,300	772,100	4,757,800	4,757,800
Ratio of waste to ore	1.6	1.8	2.1	1.8	1.9	1.8	1.8
Tonnes of ore milled	526,100	556,400	510,200	515,000	334,300	2,107,700	1,668,100
Average mill head grade (grams/tonne)	3.86	4.49	5.01	5.46	6.28	4.70	3.87
Average recovery rate	93%	94%	94%	94%	94%	94%	92%
Gold (ounces)							
Produced	62,300	75,400	77,100	84,800	63,600	299,600	191,600
Sold	62,000	75,800	77,000	82,000	71,000	296,800	197,600
Average realized gold price (per ounce)	$ 556	$ 624	$ 612	$ 625	$ 630	$ 607	$ 454
Total cash costs (per ounce)	$ 114	$ 100	$ 108	$ 94	$ 97	$ 103	$ 137
Financial Data							
Revenues	$ 34.8	$ 47.9	$ 47.1	$ 52.2	$ 45.1	$ 182.0	$ 90.1
Earnings from operations	$ 20.0	$ 31.8	$ 30.7	$ 36.9	$ 14.3	$ 119.4	$ 40.0

(1) Results from El Sauzal mine are only included in Goldcorp s financial results for the period subsequent to the date of acquisition

November 4, 2006. Prior period results are shown for comparative purposes only and may not include all pro forma financial adjustments required had the acquisition in fact taken place in January 1, 2005.

(2) This column includes El Sauzal s operations for the period November 4, 2006, the date of acquisition to December 31, 2006.

The El Sauzal mine achieved record production in 2006 with 299,600 ounces of gold compared with 191,600 gold ounces in 2005. Total cash costs decreased 25% to $103 per ounce in 2006, compared to $137 per ounce in 2005. The higher gold production and lower cash costs resulted from higher mill throughout, gold grades and recoveries. Mill throughput for the year averaged 23% more than 2005 due to a combination of good ore blending and improved operational performance of the tailings presses. Mill feed grades averaged 4.70 grams /tonne or 21% higher than the 3.87 gram/tonne achieved in 2005. Gold recovery in the mill was 94% compared to expected recoveries of 92%.

The mine worked with government agencies during the year to improve on safety performance and environmental requirements. The mine recorded no lost time accidents in 2006. Also through efforts of the entire workforce the site was awarded a Clean Industry Certificate from the Mexican federal agency for environmental protection.

(in United States dollars, tabular amounts in millions, except where noted)

Marlin mine, Guatemala[1]

	Q1	Q2	Q3	Q4	Q4[2]	**Total 2006**	Total 2005
Operating Data							
Tonnes of ore milled	213,000	220,800	271,900	383,100	290,000	**1,088,800**	116,000
Average mill head grade (grams/tonne)							
Gold	6.44	4.19	4.02	5.13	5.26	**4.92**	6.49
Silver	82	66	63	85	88	**75**	80
Average recovery rate (%)							
Gold	88%	85%	89%	87%	86%	**87%**	82%
Silver	58%	58%	69%	60%	60%	**60%**	53%
Produced (ounces)							
Gold	43,300	28,900	33,700	55,100	42,300	**161,000**	23,900
Silver	321,000	273,300	382,000	622,100	490,000	**1,598,400**	154,600
Sold (ounces)							
Gold	37,000	34,800	32,000	50,000	41,000	**153,800**	21,000
Silver	240,000	310,000	335,000	558,000	508,000	**1,443,000**	113,000
Average realized gold price (per ounce)	$ 560	$ 625	$ 597	$ 621	$ 627	**$ 602**	$ 513
Total cash costs (per ounce)[3]	$ 208	$ 258	$ 268	$ 137	$ 113	**$ 209**	$ 217
Financial Data							
Revenues	$ 23.1	$ 25.5	$ 23.1	$ 38.2	$ 32.3	**$ 109.9**	$ 11.7
Earnings from operations	$ 7.5	$ 6.1	$ 5.3	$ 17.5	$ 16.0	**$ 36.4**	$ 2.6

(1) Results from Marlin mine are only included in Goldcorp s financial results for the period subsequent to the date of acquisition November 4, 2006. Prior

period results are shown for comparative purposes only and may not include all pro forma financial adjustments required had the acquisition in fact taken place in January 1, 2005.

(2) This column includes Marlin s operations for the period November 4, 2006, the date of acquisition to December 31, 2006.

(3) The calculation of total cash costs per ounce of gold sold is net of by-product silver sales revenue. If the silver sales were treated as a co-product, average total cash costs at Marlin for the year ended December 31, 2006, would be $270 per ounce of gold and $5 per ounce of silver (2005 $241 and $4 respectively).

Marlin commenced commercial production in the fourth quarter of 2005. In its first full year of production, Marlin achieved 161,000 ounces of gold and 1.6 million ounces of silver. The ramp-up process to full production lagged during 2006 while materials and new equipment were ordered and installed to rectify problems with leach tank agitators and material feed systems. During the last months of the year, the process plant consistently achieved design tonnages and gold recoveries.

In 2007, the underground mine will ramp up production to full capacity over the first 6 months. The process plant will be implementing improvements to the process leach circuit to allow increased throughput while maintaining metallurgical recoveries. During 2007, fleet additions as well as personnel training will result in sustainable production from the underground. Open pit mining remains on target, and in 2006 took on the additional task of tailings impoundment construction. The ability to have construction materials found in the Marlin surface deposit for use at the tailings impoundment reduced rehandling and has reduced construction costs.

The Company continues to work with the communities around the project, and with the government, in capacity-building in the Guatemala mining industry. During the year, the Company agreed to waive the income tax exoneration permitted by law, in exchange for a commitment by the government of Guatemala to use some of the resources for training in the Ministries of Energy and Mines and Environment and for infrastructure improvements in the communities surrounding the mine.

Management s Discussion and Analysis
(in United States dollars, tabular amounts in millions, except where noted)
San Martin mine, Honduras[1]

	Q1	Q2	Q3	Q4	Q4[2]	**Total 2006**	Total 2005
Operating Data							
Tonnes of ore mined	1,258,500	1,070,800	794,300	898,500	527,100	**4,022,131**	5,200,100
Tonnes of waste removed	1,020,200	1,180,400	1,172,100	1,083,000	768,000	**4,455,700**	4,051,500
Ratio of waste to ore	0.81	1.10	1.48	1.21	1.46	**1.11**	0.78
Tonnes of ore processed	1,258,500	1,070,800	795,800	898,500	527,100	**4,023,600**	5,198,600
Average mill head grade (grams/tonne)	0.74	0.74	0.86	0.80	0.78	**0.78**	0.68
Average recovery rate	57%	55%	54%	56%	55%	**55%**	59%
Gold (ounces)							
Produced	15,000	17,300	14,000	13,300	9,700	**59,600**	81,500
Sold	15,700	17,400	14,500	14,000	13,000	**61,600**	80,800
Average realized gold price (per ounce)	$ 556	$ 627	$ 611	$ 627	$ 629	**$ 605**	$ 444
Total cash costs (per ounce)	$ 325	$ 359	$ 303	$ 419	$ 427	**$ 350**	$ 294
Financial Data							
Revenues	$ 8.8	$ 11.0	$ 8.8	$ 8.9	$ 8.3	**$ 37.5**	$ 36.1
Earnings from operations	$ 1.3	$ 2.3	$ 2.4	$ 1.0	$ 2.1	**$ 7.0**	$ 3.4

(1) Results from San Martin mine are only included in Goldcorp s financial results for the period subsequent to the date of

acquisition November 4, 2006. Prior period results are shown for comparative purposes only and may not include all pro forma financial adjustments required had the acquisition in fact taken place in January 1, 2005.

(2) This column includes San Martin s operations for the period November 4, 2006, the date of acquisition to December 31, 2006.

The San Martin mine produced 59,600 ounces of gold in 2006 after transitioning from placing agglomerated crushed ore on the heap leach pad to placing run-of-mine material in 2005. All the ore in 2006 was placed directly on the heap leach pad and was primarily mined from the Palo Alto pit. Total cash costs were $350 per ounce in 2006, compared to $294 per ounce in 2005, primarily as a result of less ore tonnes being placed on the heap leach pad due to low equipment availability and higher operating costs associated with maintaining the aging mining fleet.

Reclamation of the remainder of the mined-out Rosa pit was essentially completed during 2006. In the Palo Alto pit, the effort continued to plant pine trees and other local species along the mined-out benches.

Mining at the Palo Alto pit will be completed at the end of the third quarter of 2007 at which time a small satellite pit adjacent to Palo Alto will be mined for the remainder of the year. It is planned that all mining operations will be completed by the end of 2007. The mine is expected to recover ounces from the leach pads through 2009.

(in United States dollars, tabular amounts in millions, except where noted)

Alumbrera mine, Argentina (Goldcorp s interest 37.5%)

	Q1	Q2	Q3	Q4	**Total 2006**	Total 2005[(1)]
Operating Data						
Tonnes of ore mined	2,366,600	2,550,200	2,668,600	4,040,100	**11,625,500**	12,514,500
Tonnes of waste removed	8,059,500	7,363,600	8,029,900	6,982,400	**30,435,400**	30,582,500
Ratio of waste to ore	3.4	2.9	3.0	1.7	**2.6**	2.4
Tonnes of ore milled	3,308,600	3,472,600	3,400,500	3,449,400	**13,631,100**	13,728,000
Average mill head grade						
Gold (grams/tonne)	0.76	0.78	0.76	0.53	**0.71**	0.63
Copper (%)	0.63%	0.61%	0.54%	0.48%	**0.56%**	0.57%
Average recovery rate (%)						
Gold	77%	79%	78%	75%	**78%**	78%
Copper	89%	89%	89%	83%	**88%**	90%
Produced						
Gold (ounces)	62,300	68,500	65,200	44,200	**240,200**	216,500
Copper (thousands of pounds)	40,800	41,800	36,000	30,300	**148,900**	154,900
Sold						
Gold (ounces)	51,500	74,000	58,200	54,000	**237,700**	215,300
Copper (thousands of pounds)	33,500	46,700	33,100	31,200	**144,500**	152,000
Average realized price						
Gold (per ounce)						