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Complimentary Report Not Intended for Compensation

GOLDCORP (GG \$22.79, rated NEUTRAL WEIGHT) EARNINGS DISAPPOINTING;
PENASQUITO AND ELEONORE RESOURCE EXPANSIONS NOT AS LARGE AS
EXPECTED PROBABLY DUE TO TEDIOUS DATA GATHERING

	2007E	2008E	2009E	2010E
Earnings Per Share revised Aug.5	\$0.56	\$0.80	\$0.75	\$1.00
EPS prior at PEG May 11	\$1.09	\$0.94	\$0.91	\$1.12

- The June 25th resource update for Penasquito REDUCED the tonnage of the proven, probable, measured, indicated and inferred resource by 280 mmt while INCREASING the gold content 2.6 mm oz, silver 370 mm oz, lead 1.0 mmt and zinc 5.09 mmt. One year of infill drilling moved about half of the deposit from “inferred” into probable, measured and indicated categories.
- Both the June 25th resource updates concerning Penasquito and Eleonore updated mineral deposits were less volume increases than we expected. We infer in part that the documentation process takes a great deal of time and that there are not enough Goldcorp employees, drill contractors, outside consultants and third party reserve estimators to process data faster.
- Goldcorp’s future weightings towards copper, lead and zinc are increasing with copper reserve extensions in Argentina, zinc optimization at Pueblo Viejo and the 60% additions on June 25th for lead and zinc at Penasquito that were greater than the 39% gold and 55% silver increase to measured and indicated resources inclusive of reserves. Further, the July 24th agreement to sell 25% of the silver content of Penasquito to 49%-owned Silver Wheaton tilted the balance a bit more towards based metals.
- Physical demand for copper, lead and zinc have been robust during this decade, and this greater “portfolio diversification” strengthens Goldcorp in the sense that it may slightly stabilize future earnings. Further, industrywide “base metals” P/E multiples have increased above historic levels, while gold valuations have fallen as bullion ETFs have proven popular to contribute to lower P/E values for large purer gold mines. For these reasons investors should not be critical or disappointed if future base metals revenues grow in

proportion to gold and silver. We believe “all revenues are good revenues,” and that gold is not necessarily magic.

- Breakeven second-quarter reported results were a disappointment and even the \$0.14 per share “adjusted” earnings were half our expectations. Six mines performed well, including Red Lake, 25%-owned Alumbreira, Sauzal, Marlin, 50%-owned La Coipa and 49%-owned Silver Wheaton. Four mines earned little, and two active and three “divested” mines contributed losses. Production was less and costs were more than expected.
- We cut our 2007 earnings estimate to \$0.56 from \$1.09, 2008 to \$0.80 from \$0.94, 2009 to \$0.75 from \$0.91 and 2010 to \$1.00 from \$1.12 per share even though we raised our copper price estimate for 2008 to \$3.00 from \$2.75 and gold price estimate for 2008 to \$650 from \$625 and for 2009 onwards to \$650 from \$575 per oz.
- We maintained our Neutral Weight rating for Goldcorp because the weak US dollar, banking problems and monetary injections bode well for gold. A drawback is that Goldcorp’s P/E valuation is almost twice Barrick Gold’s, which we rate Overweight. Both companies have growth projects, base metals earnings and Barrick has 9.5 mm oz of remaining gold hedging.
- Some of Goldcorp’s carrying values for assets appear conservative, while some others presume future exploration success that is not certain. The balance sheet values several properties at over \$500 per oz of reserves. A “worst case” might involve \$1 billion or \$1.00 per share after taxes in valuation reversals.

UPDATED PIT OUTLINE DID NOT FOLLOW SEDIMENTS SURROUNDING TWO VOLCANIC STRUCTURES

The Penasquito pit outline

(www.goldcorp.com/_resources/project_pdfs/Penasquito_pits.pdf) updated June 25, 2007 shows a slightly larger pit outline than in June 2006 in slide 1. There were very extensive grids of drill holes outside of the two volcanic chimney structures, the Penasco and Azul proposed pits. There were 19 drill holes prior to June 2006 outside of the June 2007 revised pit outline.

There were another EIGHT rows of about 50 drill holes drilled after June 2006 extending several kilometers west of the proposed pits following the Penasco and Azul volcanic structures. These eight rows of westward drill holes into the sedimentary rocks surrounding the two volcanic structures DID NOT extend the mineral deposit. It appears that they confirmed that the lava or ash overflow surrounding the volcanoes was NOT economically viable. Presumably either the thicknesses, ore grades or overburdens to be stripped were not sufficiently economic. Such lava layers atop the sediments may have been just a few meters thick while the basic volcanic structures were many hundreds of meters thick.

The June 25th slides 2 and 3 show cross sections of each proposed pit. It appears that each volcanic chimney’s mineralization continues to depth. Depending upon future zinc

and other metals prices, smelting charges, labor costs and other economic factors, it may be possible to have an underground mine following the “feeders” of each volcano to depth.

The June 25th slide 4 shows the “join up” of the prior two separate pits into one large pit. The revised June 25, 2007 pit appears deeper to permit a “layback” of the two prior separate pits into one larger pit even though the material in between the two separate volcanic structures is NOT labeled as “ore.”

PENASQUITO MINERAL ENVELOPE SHRANK, GRADES CHANGED AND TARGET ORE THROUGHPUTS ROSE 30%

The “proposed pit outline” containing the proven and probable reserves grew between June 2006 and June 2007 as the slide 4 noted above demonstrates. We expect it will grow more as infill drilling permits more of the resource to become proven or probable reserves. Reserve extensions to depth possibly from underground mining the “feeder structures” of the two volcanic structures may occur more than a generation from now in later phases.

The “mineral envelope” of the total resource tonnage shrank 280 mmt or about 11%. Goldcorp must have rejected the prior “inference” from some widely spaced “stepout” holes drilled into the peripheral or sedimentary zones across the valley outside of the Penasco and Azul volcanic vents or chimneys. Those lava or ash layers may have turned out to have been “too thin or narrow” to justify a pit or necessary waste overburden removal to be economic. The mine tour hosted last December 6 and 7 exhibited drill maps with large numbers of drill holes OUTSIDE the volcanics with significant mineralized values that DID NOT translate into reserves, and appear to have been rejected or discarded.

The ore grades of the 353.5 mmt moved from resources into proven or probable reserves were much less. For example, the oxide gold grade fell to 0.18 from 0.28 grams per tonne while the sulphide gold grade fell to 0.48 from 0.60 grams per tonne. Zinc, the mineral most enhanced, fell minimally to 0.72% from 0.76% in the sulphides. In general, the silver, lead and zinc grades fell much less than the golds. We presume that Goldcorp lowered the economic cutoff due to economies of scale, lower unit costs or higher prices.

The ore grade of the total resource rose dramatically. We presume that “infill” drilling added much values. It is likely that Goldcorp assigned a “nil value” to potential ore blocks too distant from a prior drill observation, and the new data from “infill drilling” permitted realistic rather than “nil values” to be assigned. While we do not know this, we wonder if some of the early drilling perhaps was assayed for gold and silver but not lead and zinc because the increase in base metals values on June 25, 2007 was so much more than precious metals. It is possible that some ore blocks did not have base metals data in prior calculations from early drill data.

While Goldcorp took 1,357 mmt out of the “inferred resource” and moved 1,077 mmt into proven, probable, measured or indicated and DISCARDED 280 mmt of the June 2006 “inferred resource,” it added 2.6 mm oz of gold, 370 mm oz of silver, 1.0 mmt of lead and 5.09 mmt of zinc. For example, the series of drill holes published days prior to the December 6-7, 2006 Penasquito mine visit were very “zinc rich” and at the metals prices prevailing during the week of that mine tour the new holes appeared to contain roughly 50% zinc values.

The 3 mm oz June 25th gold reserve increase or 2.6 mm oz total gold reserve and resource addition or 0.4 mm oz resource decline (excluding new reserves) was less than our prior expectation of a 10 mm oz increase to the proven and probable reserve and a 10 mm oz increase to the resource. We had anticipated an increase in the total inferred resource tonnage from stepout and infill drilling, an increase to ore grades from “infill” drilling and an increase to values from higher economic cutoff metals prices permitting prior sub-economic tonnages to be considered. Thus, the 280 mmt inferred resource DISCARDED, the absence of any pit extensions into surrounding sediments and lower ore grades were disappointments. In effect, infill drilling was productive and stepout drilling was inconsistent.

FUTURE PENASQUITO EXPLORATION UPSIDES

Further, the conservative and reasonable prices for which Goldcorp calculates a “resource” of \$0.50 per pound for lead and \$1.00 per pound for zinc may “understate” the proportion of future base metals revenue. This is less than 40% of current lead and 60% of current zinc prices, while Goldcorp uses roughly current precious metals prices at \$650 gold and \$13 silver to calculate “resources.” Goldcorp might accept a slightly lower economic cutoff grade or calculate a larger “net smelter return” for lead and zinc if it used closer to current lead and zinc prices, but it may be appropriate to be conservative as neither lead nor zinc ever traded above \$1.00 per pound prior to 2005.

Nine drill rigs continue to gather data at Penasquito. There remains 1,220mmt of “inferred resource,” 1,020 mmt of indicated resource and 576 mmt of measured resource for which we expect Goldcorp will collect more data. On June 25, 2007 the reserves rose 353.5 mmt, the measured resource 110 mmt, the indicated resource 614 mmt and the inferred resource fell 1,357 mmt.

Four drill holes in the Manto-Skarn zone at Penasquito returned 6 to 22 meters grading 9-19% zinc, 0.3%-6.1% lead and 3-15 oz per tonne of silver plus nil to 5.4 grams per metric tonne (0.16 troy oz per 2,000 lb ton) gold.

Goldcorp will begin to test extensions of the Colorado, Becha Azul and El Sotol zones and the regional concessions tens of miles away at Nochebuena, Saltillito and Los Lobos.

CAPITAL SPENDING LIKELY TO INCREASE AT PENASQUITO

Goldcorp now plans two 65,000 metric tonne per day (mtpd) mills rather than two 50,000 tonnes per day, or a 130,000 not 100,000 mtpd scale. Much inflation in mining engineering, mine equipment, power generation and labor has occurred as well. However, it is possible that Goldcorp does a much better job than bigger multinationals as it operates four other mines in Mexico and has Spanish speaking managers in Guatemala and Honduras and non-operating stakes in Argentina and the Dominican Republic.

We estimate that Penasquito capital budget will grow to \$1.25-\$1.50 billion from the prior roughly \$1.0 billion level.

ELEONORE FIRST MINERAL RESOURCE

The Eleonore mineralization occurs at depths often over 1 km deep. It occurs in “lenses” that often are folded, deformed or faulted. These sometimes thin, high grade drill data are tough to interpret, and ultimately a shaft, ramp or tunnels across the gold lenses or veins may be a better way to estimate future revenues.

It is very difficult to estimate future capital costs likely to exceed \$0.5 billion owing to its location in far northern portions of Quebec. Goldcorp may need to prove “amenities” or services to First Nations groups.

Goldcorp defined 2.764 mm oz of measured, indicated and inferred resources at an average grade of 7.3 grams per tonne of gold. This is a start, but not enough to justify the \$713 mm carrying value of the property plus perhaps more than \$500 mm in future capital spending. We had previously estimated in April and May a 2-3 mm oz initial resource and 5 mm oz ultimate reserve, and the June 25th data appeared consistent with such a

The data base contains 215 holes drilled by the prior owner, 296 subsequent holes Goldcorp drilled and excludes 81 holes not completed by April 4, 2007. The data base for the reserve included 178.5 km and excluded the 81 holes containing 27.8 km more. Goldcorp characterized the data as “very consistent in mineralization and continuous,” which are wonderful words in describing gold deposits. It estimated a 4.7 meter average width, or about 15 feet, which is a comfortable mining width.

Some of the holes not yet incorporated into the data base returned true widths of 2 to 33 feet with values of 0.5 to 16 oz per ton. Depths ranged from 47 to 723 meters with three sensational values between 620 and 723 meters from surface, four from 199 to 344 meters from surface, one near 147 meters and one near 50 meters from surface. In general, Eleonore appears as though it may be a relatively “shallow” underground mine with much activity under one-half mile deep.

PUEBLO VIEJO REGIONAL EXPLORATION

Goldcorp is not conducting any “regional exploration” in the Dominican Republic or Haiti in the region of its 40% stake in the Pueblo Viejo venture. There is reason to expect it to develop into a mineral district.

Barrick Gold completed “condemnation drilling” necessary to “sterilize” locations intended for offices, mills, truck shops, tailings disposal or other infrastructure. Man does not know all the ways that God puts gold in particular places, and such drilling is a wonderful device since “the best place to find a gold mine is next to a gold mine.”

The Monte Oculito discovery virtually next to the Monte Negro planned pit appears encouraging with four intercepts ranging from 27 to over 100 meters and from 2 to 4 grams per metric tonne of gold.

Barrick has drilled over 100 holes that appear to double the area of mineralization of the prior Placer Dome 2005 deposit. The ABX drilling suggests a northwest trending 1 by 3 km almost megapit with grades ranging from 2 to 6 grams per tonne over thicknesses of 25 to 100 meters. It is possible that the ore reserve could DOUBLE over several years and the stripping ratio FALL as the prior Placer Dome pits “join up.”

On July 30th we met with Eurasian Minerals, a company with many “off the beaten path” projects led by former Newmont Mining geologists. It holds a property in eastern Haiti that it describes “on strike” to the west with Barrick Gold’s Pueblo Viejo. Eurasian enjoys a 1,000 foot long trench with average values of 1.7 grams per tonne or over 0.05 oz per ton in gold. Those surface values are likely to be simpler oxides amenable to heap leaching. While it may not have the complex metallurgical character or zinc values of Pueblo Viejo, it is a good indicator of “regional” exploration opportunities within a 50 to 100 mile perimeter.

OTHER EXPLORATION

We stress that Goldcorp plans to capitalize \$60 mm and expense \$60 mm in exploration outlays in 2007. Its efforts at Red Lake, in Mexico and Guatemala have excellent potential as well.

SILVER WHEATON FINANCIAL TRANSACTION MOVES \$495 MM IN CASH TO CORPORATE CENTER AND DEBT TO SILVER WHEATON AFFILIATE’S BALANCE SHEET; NO CAPITAL GAIN ESTIMATED

The sale of 25% of the silver content of the Penasquito deposit, or maybe 5%-6% of its future revenues, may be enough proceeds to fund over one-third of its capital costs. This appears to be a reasonable financing tactic.

Further, Goldcorp placed the \$495 mm in debt on the balance sheet of its 49%-owned affiliate, Silver Wheaton, rather than the Goldcorp parent balance sheet. While yes, Goldcorp consolidates Silver Wheaton and the associated financial accounts, Silver Wheaton operates with a roughly 50% operating margin and can comfortably service its

own obligations above a \$6 silver price allowing for \$2 per oz for administration, exploration or corporate development and \$4 per oz for contractual payments typically \$3.90 per oz to the mine operator delivering silver to Silver Wheaton.

At June 30, 2007 Goldcorp had a \$7.2 billion carrying value for Penasquito including \$807.7 mm in goodwill. We estimate Goldcorp treats the 25% of future silver output asset sale at Penasquito as a “reduction in basis” and not a capital gain, and pays no taxes. It is difficult to determine whether Goldcorp will enjoy a profit or loss on this transaction ultimately, and many key parameters remain yet to be determined. The most conservative accounting treatment will be to treat it as a reduction in the already very large \$7.2 billion carrying cost.

The current \$7.2 billion Penasquito carrying value and prospective \$1.25 to \$1.5 billion capital budget suggests Penasquito will cost Goldcorp about \$8.5 billion to fully develop to a 130,000 metric tonne per day scale with two mills. The valuation of about 5%-6% of future revenues at \$495 mm suggests the total project is “worth” about \$8.5 to \$10.0 billion. This metric is “approximate” owing to the volatility of future gold, silver, lead and zinc prices, lead and zinc treatment cost uncertainty, the grades of future reserve extensions, and operating costs potentially to exceed the \$3.90 per oz future fixed payment Silver Wheaton will make for each oz of silver delivered.

GOLDCORP CASH FLOWS STABLE EVEN THOUGH EARNINGS ERRATIC

Goldcorp generated \$172 mm in cash flow before working capital changes in the June 2007 quarter versus \$239 mm last year and \$360 mm in the first-half of 2007 versus \$370 mm in the first-half of 2006. Many of the accounting issues influence reported earnings are complex, and a close look at “cash flow” is a common sense sort of check. Copper derivatives, gains or losses of asset sales, dilution gains, currency, etc. tend to be “distractions” that have a larger impact on reported earnings than upon cash flow.

Goldcorp used its resources for \$366 mm in capital spending, \$57.7 mm in “silver purchase arrangements” for Silver Wheaton, \$63.3 mm in dividends and a “net” \$385 mm in debt repayment in the first half of 2007. Those are good uses of funds.

It supplemented its \$360 mm in operating cash flow before working capital changes with \$200 mm from the sale of the Amanpari and Peak mines via “Peak Gold” shares, \$86.1 mm from restricted cash balances or sales of marketable securities and the \$495 mm received in July 2007 from the sale of 25% of the future silver output of Penasquito. While Goldcorp drew down \$272.7 mm in cash balances in the first-half, the \$495 mm received in July restores those funds.

CARRYING VALUES OF \$15.05 BILLION IN MINING PROPERTIES AND PLANT AND EQUIPMENT

It is a noteworthy to review Goldcorp’s carrying values for each mine, investment and mineral property. Goldcorp exercised some discretion in accounting for the

apportionment of carrying values for Wheaton River, Virginia Gold Mines, portions of Placer Dome and Glamis Gold assets.

Some of the carrying values appear very conservative, while others are larger. In general, the carrying values of certain of the Glamis Gold or Eleonore assets appear generous while the values of the Placer Dome, Wheaton River, Goldcorp, equity investments or goodwill are not very large.

We were very surprised at the conservative carrying values of the equity investments at \$287.5 mm of which the 40% stake in Pueblo Viejo (prior to a 25% deduction for the Dominican Republic's government's participation to cut it to 28% "net"), the \$89.2 mm value to the El Limon project and \$99.4 mm market value of the stake in Peak Gold. No specific carrying value is cited for Terrane Metals, although it could be considered part of the "Canadian exploration properties."

The apportionment of the \$1.34 billion in goodwill appears reasonable with \$404.4 mm to the former Campbell mine of Placer Dome at Red Lake, \$807.7 mm in Penasquito though likely to be reduced 10%-20% with the \$495 mm received in July from Silver Wheaton, \$74.3 mm for Los Filos in Mexico and \$53.8 mm for Silver Wheaton whose market value is much larger. We would regard another 2 mm oz of reserve delineation at Campbell sufficient to "justify" more fully the goodwill there, and reserves should grow at Penasquito.

We were very impressed that the carrying value of the Cerro Blanco development property in Guatemala was so low at \$18.6 mm. The carrying values of Amapari and Peak were cut to nil, and "corporate" assets of \$4.5 mm are very small. There is no carrying value for the Imperial Valley, Calif deposit of the former Glamis Gold for which concerns about pottery fragments (archaeological significance), religious significance or tortoises has prevented development to date. The Red Lake, Porcupine, Musselwhite, Wharf, El Sauzal, Alumbreira, La Coipa and San Martin carrying values tend to be "reasonable." Each is \$200 per oz of gold or less, and some of the mines have silver or copper byproducts.

CERTAIN CARRYING VALUES TOUGHER TO JUSTIFY

Some of the carrying values within the \$15.05 billion "presume future success" concerning exploration. Goldcorp must have shown its auditors good cause for its judgment, as there is no qualification in the Goldcorp financial statements. We remind our readers, nonetheless, the miners' adage "You can't see through rock" and that exploration cannot be treated as successful under all the data has been drilled, collected, interpreted and the mines permitted.

We take note of the \$164.2 mm value of Mexican exploration properties, the \$163.0 mm value of Canadian exploration properties, the \$1.15 billion or \$500 per oz of current proven and probable reserves before recovery losses or operating costs at Marlin in Guatemala, the \$7.2 billion or about \$600 per oz of gold current carrying value of

Penasquito whose primary revenues will come from zinc, the \$712,9 mm current carrying value of Eleonore whose probable fully developed cost near \$1.25 billion could represent an expensive \$250 per oz assuming ultimately 5 mm oz of mineable reserves can be defined, \$375 per oz or \$517.5 mm for two-thirds of Marigold in Nevada.

There appears to be up to \$3 billion within those carrying values with which a conservative auditor, banker or conservative “investor without any vision” could take issue. There is no doubt in our mind that Goldcorp will define mineral values in many or most of these properties, but a legitimate element of doubt exists whether Goldcorp will find ENOUGH GOLD to justify all of the carrying values.

We estimate that up to \$1 billion of these values could be written down ultimately or gradually charged off to offset some future capital gain. The Canadian and Mexican exploration assets appear to “anticipate” 2 mm oz of future output, Marlin another 3 to 4 mm oz of future reserves while its “resources” currently are only 1 mm oz, Marigold another 1.0-1.5 mm oz of reserves and Eleonore at least 5 mm oz of reserves or almost twice the current resource. These are fine, prospective properties for which all the exploration, interpretation and documentation has not been completed. We want to stress that Goldcorp is a big company, and \$1 billion out of \$15 billion of carrying values is not a “large amount” in relation to Goldcorp and would be only \$1 per share after tax if written down all at once.

We do not intend to frighten or alarm any one, and are just trying to critique individual carrying values. Goldcorp’s \$12.8 billion equity is substantial, its \$0.8 billion in debt, reclamation or other liabilities relatively small and its \$0.31 billion in cash-equivalents and over \$1 billion in Peak Gold, Terrane Metals, Silver Wheaton and other stock investments large. We just want our readers to be critically aware that noncash charges could be taken if future drilling does not pan out in several theaters of operations.

We are “comfortable” with the “collective” \$2.5 billion value assigned to mines in Mexico other than Penasquito – El Sauzal, Los Filos, El Nukay and San Dimas. Collectively they contain 7 mm oz of gold and 92 mm oz of silver reserves. Further, their collective “resources” are another 4 mm oz of gold and 190 mm oz of silver. However, the apportionment of value between them is a bit “odd” with \$960.3 mm assigned to El Sauzal for which only 930,000 oz of reserves and 500,000 oz of resources have been defined. Some large target zones at El Sauzal have not been evaluated fully such as identified in bull dozer cuts for prior drill roads or condemnation drilling to site office, tailings or other facilities.

We infer that Goldcorp must have been “straining” to apply all the values paid for Glamis Gold to individual assets in applying a \$1,000 per oz of reserve value to El Sauzal. The \$1.49 billion carrying value of the other Mexican interests that contain 10 mm oz of gold reserves and resources and 282 mm oz of silver reserves and resources appear to be so much more reasonable at well under \$200 per oz of reserve or nearly \$100 per oz of gold reserve and resources applying just \$1 or \$2 per oz to the silver reserves and resources whose recovery rates may be much less.

QUARTERLY EARNINGS ESTIMATES

We estimate Goldcorp's third-quarter earnings at \$0.20 versus \$0.22 per share last year and down from our prior \$0.32 per share estimate and the fourth-quarter at \$0.22 versus \$0.19 last year and down from our prior \$0.32 estimate both made during Prudential Equities Group operations prior to June 6, 2007 shut down.

The next quarters should benefit from Los Filos mine operations, although Goldcorp had capitalized \$26 mm of prior operating expenses during startup.

Copper prices have fallen slightly, and perhaps a \$10 mm noncash derivative prior charge reversal will occur.

The C\$ appears stable near its highs near US \$0.95, and a further noncash foreign currency charge for C\$ deferred tax liabilities or continued higher operating costs at Canadian gold mines remains plausible.

Goldcorp's forecast of 2.2 to 2.3 mm oz of gold output at under a \$150 per oz direct cash production cost for 2007 full year equates to a second-half 2007 outlook for 1,102,500-1,202,500 oz at < \$143 per oz direct costs. This suggests better than the June 2007 quarter's 539,500 oz output but not necessarily better than its \$133 per oz direct cash production costs. The stronger C\$ is a particular challenge to Goldcorp, and any second-half seasonal easing in copper prices could shave copper byproduct revenues a bit.

CHANGES IN METALS PRICE ESTIMATES

We raised our 2008 copper market estimate to \$3.00 from \$2.75 and stayed thereafter at \$2.00 and at \$3.20 per pound for 2007 in view of the \$2.74 first-quarter 2007 average.

We stayed at \$675 for open market gold in 2007, raised future gold prices to \$650 from \$625 in 2008 and \$575 thereafter. Scenarios exist in the near-term in which gold prices could rise. The U.S. dollar continues to weaken, U.S. interest rates have fallen under 5% cutting the returns of paper assets, credit worries ravage the stock market, crude oil made highs, physical bullion demand improves as year-end holidays comprise 40% of normal jewelry demand in the fourth-quarter, any Musharraf demise could give extremists nuclear capability and the likely U.S. phasedown in Iraq could encourage chaos. Possible diminution of the federal deficit if Democrats raise taxes and pull out of Iraq or a flattening of the trade deficit if exports rise as the U.S. stagnates are the ONLY "less than ecstatic" gold market trends. The trade-weighted dollar strengthened about 2% in recent weeks as the U.S. trade deficit improved with higher exports and signs of pending U.S. economic weakness from credit crunches.

For several years large capitalization gold shares have risen little as the general stock market and gold prices rose, which compressed the large capitalization gold P/E valuation both in absolute terms and relative to the broad stock market. Some traditional gold investors bought bullion ETFs rather than common stocks, and many newfound

metals investors make no differentiation among companies or metals. Goldcorp appears to have fallen in value partly as a general reflection of investor disinterest in large capitalization gold shares, partly due to ETF buying and partly due to the dilution related to the Glamis Gold and Eleonore dilutions last year. After all, Goldcorp issued shares to control the new deposits in Mexico and Quebec which will consume cash for construction prior to first revenues after 2009.

SPECIFIC MINE PERFORMANCES

We are very pleased with six specific mine performances that represent the preponderance of the \$190.3 mm June quarter earnings from Operations before \$37.9 mm of “other expenses.” Red Lake earned \$52.0 mm, El Sauzal \$13.5 mm, 25% of Alumbreira \$69.6 mm, Marlin \$17.6 mm, 50% of La Coipa \$16.5 mm and 49% of Silver Wheaton \$20.0 mm. Thus, three large assets earned \$141.6 mm and the next three assets \$47.6 mm to total \$189.2 mm or all but \$1.1 mm of the corporate total !!!

It is not unusual for particular fine mines to dominate a company’s performance. For example, Zaldivar, 60% of Cortez and the Campbell mine often accounted for the bulk of the former Placer Dome’s results.

In the case of Goldcorp two mines, Marlin and El Sauzal, are new contributors and essentially mines that had not operated even two years ago under the former Glamis Gold. The 50% of La Coipa is a “turnaround” benefiting from a very high silver grade in the current pit. Red Lake, the 25% of Alumbreira and Silver Wheaton are contributing less owing to lower grades at Red Lake and Alumbreira and ownership of a smaller stake in Silver Wheaton.

Musselwhite, Porcupine, Wharf, and San Martin did not earn very much. Their respective cash production costs of US \$478, \$447, \$364 and \$459 were disappointments. The strong C\$ will continue to pressure Musselwhite and Porcupine. Wharf is a smaller operation. San Martin will be phased out in the next year as its reserves have been mined out.

Luismin and Marigold lost money, and Los Filos made no revenue contribution as it poured only 2,500 oz and Goldcorp capitalized \$26 mm of initial Los Filos operating expenses through June 30. These mines and Musselwhite and Porcupine are the particular situations most in need of turnaround and offering particular disappointments.

OPERATIONAL IMPROVEMENTS UNDERWAY

Goldcorp aspires to increase gold output about 50%-60% towards 1.1 mm oz in the next four years at Red Lake owing to the operation of the new #3 shaft, a mill expansion to 3,200 tonnes per day, replacement of the two older mills and much other aged infrastructure and mining of new zones identified with ongoing exploration. This is “not a problem” situation, but a good one with opportunity for improvement.

Clearly the operation of new mines at Los Filos, the 40% (28% net of government) Pueblo Viejo stake, Penasquito, Eleonore, Cerro Blanco, and other new operations offer excellent large upside opportunities. Los Filos should make a contribution in the 2007 second-half while the others will not contribute any earlier than 2009.

Reductions in exploration and capital outlays could be possible after some of these many projects face completion. It is understandable that operations may miss a beat when so many corporate initiatives draw technical talent and supervision away from day-to-day matters. The business may run more smoothly after 2011.

Musselwhite's grade was the best in three quarters but 0.21 grams per tonne below a year ago. Gold sold was better than any of the three prior quarters. Mill throughput and recoveries improved in the June quarter. New mining equipment may cut maintenance and improve productivity to make a "dent" in the \$478 direct cash production cost.

Porcupine's grades and recoveries were the best of the past year, but mill throughput was 65,500 tonnes less or about 12% less than one year ago. Output was the third best among the past five quarters. Use of stockpiled ore, consumable prices, maintenance, higher stripping and the C\$ were cost penalties. Exploration and new zones are the hope for improvements.

Luismin's losses reflected lower grades at San Dimas, less ore mined from the Santa Lucia vein, a labor payment and shortages of skilled personnel that delayed mining. Exploration continues.

The Marigold results were a poor surprise as management misjudged, overestimating the gold content of certain blocks, and mined material that should have been bypassed. Marigold lost money at a US \$754 direct cash cost as the ore grade fell to a minimal 0.45 gram per tonne, higher direct costs, higher stripping and a writedown of inventory-in-process of \$2.2 mm or \$114 per oz. "Inventory" writedowns occur when either the ore grade or recovery in certain tonnages were overestimated and little output occurs. Even excluding the writedown, the remaining \$640 per oz in direct production costs were poor as lower grades and more waste were encountered. Maintenance and some input costs rose. Two new zones will be evaluated and mining will shift from waste to ore in the Basalt Pit.

EARNINGS ESTIMATE REDUCTIONS

We cut our 2007 earnings estimate to \$0.56 from \$1.09, 2008 to \$0.80 from \$0.94, 2009 to \$0.75 from \$0.91 and 2010 to \$1.00 from \$1.12 per share even though we raised our copper price estimate for 2008 to \$3.00 from \$2.75 and gold price estimate for 2008 to \$650 from \$625 and for 2009 onwards to \$650 from \$575 per oz.

RESERVE GAIN ESTIMATES CUT IN HALF

We had been optimistic concerning the geology of various Goldcorp mines and the \$120 mm exploration budget for 2007 of which half is expense and half capital.

We had estimated the current 39.75 mm oz proven and probable reserves or 33-34 mm recoverable oz would grow 22 mm by 2008. We had estimated Penasquito grew 10 mm oz in 2007 and 5 mm more in 2008, Eleonore 5 mm in 2007 and 2 mm in 2008 and Cerro Blanco 1 mm in 2007. We had estimated “all producing mines net” fell 1 mm oz in 2007 and were unchanged in 2008 as gains at Red Lake or Nevada offset declines elsewhere.

We cut our estimate of Penasquito in 2007 to 5 and for 2008 to 2 mm oz new recoverable reserves and for Eleonore to nil in 2007, with the gains limited to resource, and to 4 mm oz of reserves at the end of 2008.

GoldCorp Reserves At December 31

	2003 at \$350	2004 at \$375	2005 at \$400	2006 at \$450	2007E at \$500	2008E at \$550
Red Lake						
Sulphide Ore	455	471	540	540	900	1,600
High Grade Zone	4,184	4,221	4,298	4,391	4,041	
Total Red Lake	4,639	4,692	4,838	4,931	4,941	5,311
Luismin		714	0	1,275	1,100	925
Peak Gold		349	0	0	0	0
Alumbrera (\$350/oz)		2,006	1,981	1,879	1,654	1,429
Amapari		1,301	1,139	417	0	0
Los Filos			3,825	3,825	3,625	3,275
Wharf Mine	264	188	125	123	0	0
Campbell (merged with Red Lake)			1,450			
Musselwhite			1,372	1,029	1,099	1,164
Porcupine			1,721	1,513	1,533	1,623
La Coipa			397	366	306	221
Pueblo Viejo (32%)			4,293	6,163	6,163	6,163
Eleonore					0	4,000
San Martin				94	9	0
Marigold				1,207	1,337	1,397
El Sauzal				791	1,071	851
Marlin				1,862	1,612	1,362
Imperial Project				0	0	0
La Hamaca				0	0	0
Cerro Blanco				0	1,000	1,000
Penasquito				8,483	13,483	15,483
Total Reserves	4,903	9,249	11,908	33,954	38,929	44,201

Source: JTVIR, LLC estimates

INVESTMENT VIEWPOINT

Our price target is \$27 and our rating to Neutral Weight because (a) the gold, silver and base metals prices have risen more than costs to benefit our earnings estimates, (b) we expect increases to the 43 mm oz Goldcorp gold reserves prior to recovery losses from Penasquito, Eleonore, Marlin, El Sauzal, Red Lake, Pueblo Viejo and other mine reserve in 2007-10, (c) and the share price has been about the same since June 2006 as metals prices, new mine construction and reserves improved. Our price target is about 21 times our average 2007-2013 earnings estimate.

RISKS

Risks to our investment thesis include the gold price, the copper price, the silver, lead and zinc prices, reserve replacement, mine plan “execution” at continued favorable costs, the Canadian dollar with almost all of Red Lake’s production costs denominated in Canadian dollars; and the possibility the company will use its cash and/or stock to make an acquisition which could be dilutive and increase the overall production costs for which the stock market is paying. The business performances of underlying investments like Silver Wheaton, Peak Gold or Terrane Metals also influence Goldcorp’s outlook.

CHANGE IN THIS RESEARCH OPERATION

This report reflects research coverage by JTVIR, LLC. In no way shape or form should it be misconstrued as involving Prudential Equities Group (PEG), which shut down on June 6, 2007 as noted. The continuation of that same quarterly or full year earnings estimate for 2007 as JTVIR, LLC should not be construed or mistaken to involve PEG, which shut down on June 6, 2007. Certain data, such as the logic of the earnings model, are similar owing to the same primary author, but this coverage initiation herein involves a different entity and no employment or affiliation with the former Prudential Equity Group, LLC.

DISCLOSURES

“John Tumazos Very Independent Research, LLC” (JTVIR) is a Delaware Corporation with pending registration as an investment advisor in the state of New Jersey owing to our place of business in New Jersey.

JTVIR is not a broker-dealer, and conducts no trades. Its primary business is to provide “unbundled” metals and paper industry securities and market research to institutions or corporations in a zero commission, electronic execution, electronic dissemination, unbundled format for a specified annual fee structure.

Our investment rating system for securities recommendations is Overweight, Neutral Weight or Underweight. Overweight or Underweight recommendations are estimated to vary from the relative performance of the S&P 500 by more than 10% annually, and the intended time horizon is up to 24 months. Our securities research is intended for

institutional investors that might buy up to 10% of a given company, and as such focuses more towards longer-term dynamics impacting the net present value of future cash flows rather than “day trading” sorts of near-term issues.

Neither JTVIR, its members or its employees own or have a financial interest in any securities discussed in this report. Our policy is full disclosure.

Our policy permits personal trading in the metals or paper industries, though no positions were taken in companies within regular research coverage after July 2001 after joining Prudential Financial and until after one month of completed New Jersey registration of JTVIR. Our policy is that any personal trading must be consistent with our recommendation, made two business days or more AFTER a recommendation or change in recommendation and held for a minimum of 30 days or one month. We believe it is virtuous for a securities analyst to “put his or her money where his mouth is” to invest consistent with the recommendation to clients after such recommendation has been made, and we disagree with some restrictions made upon broker-dealer employees after 2000 era scandals.

Our policy permits up to three directorships and up to five consulting projects, advisory assignments or financial advice to corporations that might supplement, backcheck or substitute for certain services of a large investment banking firm. For example, we would accept an engagement to evaluate investment banking advice on behalf of a manufacturing company concerned whether advice is sincere or intended to maximize fees. Currently no such relationships exist.

Our policy is full disclosure of any advisory relationship or conflict going back three years. None currently exist.

Numerous prior investment banking relationships existed prior to three years history to the pre-1997 time frame under the employment of Donaldson, Lufkin and Jenrette or Oppenheimer & Co., Inc. Some of these we can recollect included 14 different gold mine valuations or sales for Barrick Gold, LAC Minerals (later acquired by Barrick), Addington Resources (gold assets in Montana acquired by Canyon Resources), Westworld Industries (Bolivian assets acquired by Battle Mountain Gold later acquired by Newmont Mining), Coeur d’Alene Mines, Crown Resources (acquired by Kinross Gold), Freeport-McMoRan Gold (acquired by Minorco later AngloGold later Queenstake Resources), FMC Gold (later renamed Meridian Gold) and others. Sole managed initial public offerings included Reliance Steel & Aluminum and Huntco. Lead-managed initial public offerings included American Steel & Wire (later acquired by Birmingham Steel) and lead-managed underwritings included Quanex. Co-managed underwritings included the IPO of Century Aluminum and offerings for AK Steel, Kaiser Aluminum, Agnico-Eagle Mines, Cameco and others. Asset sales or purchase advisories, fairness opinion or trusteeships were done for Thyssen Steel (sold to Ryerson Tull), Cyclops Corp. (sold to Armco later sold to AK Steel), Allegheny Corp., Bethlehem Steel, the U.S. Dept. of Justice pursuant to the June 1984 merger of LTV and Republic Steel to sell the Gadsden, AL integrated flat-rolled mill, Cobre Copper, and others. Typically more than five

investment banking assignments were evaluated, partly executed or “due diligenced” for any completed transaction. Some examples we can recall for which a prospectus was either drafted or partly drafted indicating much work included stock underwritings not completed for Wheeling-Pittsburgh Steel, Steel Dynamics, Atlas Corp., Webco, Sharon Steel, IPSCO, Co-Steel Inc., and others.

ANALYST UNIVERSE COVERAGE:

John C. Tumazos, CFA: Rio Tinto, Louisiana-Pacific, Nucor Corp., Newmont Mining, U.S. Steel, International Paper, BHP Billiton, MeadWestvaco Corp., Antofagasta PLC, Allegheny Technologies, Alcoa Inc., Inco Limited, Bowater, Inc., Temple-Inland, Barrick Gold, Abitibi-Consolidated, Weyerhaeuser Co., Alcan Inc., Smurfit-Stone Container, Plum Creek Timber, Worthington Industries, Goldcorp Inc., AngloGold Ashanti, Freeport McMoRan Copper & Gold, Novelis Inc., FNX Mining.

Dynatec is a company not continued in the research coverage of JTVIR, LLC that was previously included in the prior June 6, 2007 Prudential Equities Group universe owing to a pending takeover by Sherritt International.

In accordance with applicable rules and regulations, we note above parenthetically that our stock ratings of “Overweight,” “Neutral Weight,” and “Underweight” most closely correspond with the more traditional ratings of “Buy,” “Hold,” and “Sell,” respectively; however, please note that their meanings are not the same. (See the definitions above.) We believe that an investor’s decision to buy or sell a security should always take into account, among other things, that the investor’s particular investment objectives and experience, risk tolerance, and financial circumstances. Rather than being based on an expected deviation from a given benchmark (as buy, hold and sell recommendations often are), our stock ratings are determined on a relative basis (see the foregoing definitions).

There is no intention to “balance” the number of Overweight or Underweight ratings, as instances of broad over- or under-performance among basic industrials may occur. JTVIR makes each investment judgment in a “bottoms up” manner based on the assets of each individual company.

Price Target – Methods/Risks

The methods used to determine the price target generally are based on future earning estimates, product performance expectations, cash flow methodology, historical and/or relative valuation multiples. The risks associated with achieving the price target generally include customer spending, industry competition and overall market conditions.

Additional risk factors as they pertain to the analyst's specific investment thesis can be found within the report.

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