

Message from the President and CEO



Aaron Regent
President and
Chief Executive Officer

2010 was a record-breaking year for the gold industry. The appeal of gold as an investment grew significantly, reflecting persistent concerns about the global economy, geopolitical uncertainties and the outlook for global currencies. In many respects, the factors that have propelled gold prices to new highs intensified, pushing the metal to a new record of \$1,431 per ounce.

The macroeconomic environment continues to be price supportive for gold. Expansionary monetary policies and quantitative easing programs have continued in order to stimulate economic growth and address high unemployment. In 2010, new sovereign debt concerns also emerged. The European Union announced bailouts for Greece and Ireland, while Spain and Portugal were also subject to credit concerns. The response to the bailouts has also led to a continued bias towards expansionary monetary policies. Global trade imbalances continue and a rebalancing will have an impact on the value of global currencies. As a monetary asset, gold's value is determined relative to the value of other currencies. With downward pressure on currencies, gold's relative value should continue to perform well. Meanwhile, geopolitical concerns have intensified with civil unrest and the potential for regime change throughout the Middle East, creating an increased environment of uncertainty and unpredictability.

Against this backdrop, investment demand for gold reached new records in 2010 and physical buying was strong. Central banks became net purchasers of gold after 21 years of selling. Physical demand, particularly from India and China, has also been very strong and is expected to continue. All of these factors underpin our positive outlook for gold prices going forward.

Our efforts to position Barrick as a prime beneficiary of a rising gold price, including the elimination of the Company's gold hedges in 2009, helped to deliver record results for shareholders in 2010.

Operating results for the year met expectations, with higher gold production at lower cash costs compared to 2009. Gold production increased to 7.8 million ounces at total cash costs of \$457 per ounce, or \$341 per ounce on a net cash cost basis. Barrick also produced 368 million pounds of copper at total cash costs of \$1.11 per pound. Strong operational results and consistent execution reflect the quality of the Company's diversified portfolio, with 25 mines on four continents.

Our solid operational performance, combined with the increase in the gold price, resulted in record financial results. Adjusted net income for the year was \$3.3 billion, an increase of 81% over 2009. This resulted in a return on equity of 19%. Adjusted cash flow from operations was \$4.8 billion, up 65% from 2009.

Our leverage to the gold price was reflected in our financial results. While the gold price increased by 26% last year, Barrick realized record cash margins, which rose 48% to \$771 per ounce, or \$887 per ounce on a net cash cost basis. The Company's earnings and cash flows per share have also significantly outpaced gold prices over the last six years, demonstrating the leverage we offer investors. While gold was up just over 200% in this period, Barrick's cash flows per share have increased by over 400%, and earnings per share are up over 600%.

With record operating cash flows and expanding margins, Barrick continues to have the financial strength

to continue to invest in the business and meet our capital requirements while at the same time maintaining a strong balance sheet and returning capital back to shareholders. At year-end, the Company had about \$4.0 billion in cash and a further \$1.5 billion available through an undrawn line of credit, and we continue to have the gold industry's only 'A' rated balance sheet. Given our financial position and the positive outlook for the Company, the Board of Directors authorized a 20% increase in the common share dividend in 2010. Over the past five years, the dividend has increased by about 120%.

Underpinning our annual production is a high quality and growing resource base. Targeted global exploration programs delivered excellent results, allowing Barrick to replace gold reserves in 2010 and grow gold resources. The Company has consistently replaced its reserves in each of the last five years, and we did so again in 2010. Gold reserves now stand at about 140 million ounces, the largest in the industry. In addition, measured and indicated gold resources grew 24% to 76 million ounces and

inferred gold resources increased by 18% to 37 million ounces. Complementing our gold reserves and resources are 6.5 billion pounds of copper reserves, 13.0 billion pounds of measured and indicated copper resources and 9.1 billion pounds of inferred copper resources, plus 1.1 billion ounces of silver contained within gold reserves.

We continued to turn our resources into producing ounces with the advancement of our project pipeline. The Cortez Hills project in Nevada exceeded expectations in its first full year of production, boosting output at the Cortez property to 1.14 million ounces of gold in 2010.

We continued to make significant progress on our 60%-owned Pueblo Viejo project, located in the Dominican Republic. On a 100% basis, the project has gold reserves of over 23 million ounces. Barrick's share of annual gold production in the first full five years of production is expected to average 625,000–675,000 ounces at total cash costs of \$275–\$300 per ounce. Work continues toward achieving key milestones.

What We Did in 2010

- Generated record net income and cash flow
 - Return on equity increased to 19% from 12%
 - Met targets to increase production at lower cash costs
 - Completed Cortez Hills project on time and budget; ramp-up exceeded expectations
 - Significantly advanced high return Pueblo Viejo and Pascua-Lama projects
 - Acquired additional 25% ownership of Cerro Casale, a high quality, long life asset in a key region
 - Identified significant new organic growth opportunities such as the potential to transform Turquoise Ridge into a large open pit operation
 - Increased dividend by 20%
 - Maintained license to operate:
 - Achieved 22% improvement in total reportable injury frequency rate to 0.93
 - Retained listings on the Dow Jones World and North America Sustainability Indexes and named to NASDAQ Global Sustainability Index
 - First Canadian mining company to join the Voluntary Principles on Security and Human Rights
 - Implemented Environmental Management System at all sites
 - Maintained strong financial position and the industry's only 'A' credit rating
 - Replaced reserves and grew resources
 - Completed IPO of African Barrick Gold
-

Construction at the Pascua-Lama project in Chile and Argentina is also progressing well, with initial production expected in 2013. This large, world-class project has approximately 18 million ounces of gold in reserves and 671 million ounces of contained silver. Once in operation, average annual production in the first full five years is expected to be 750,000–800,000 ounces of gold at total cash costs of \$20–\$50 per ounce, making Pascua-Lama one of the lowest cost gold mines in the world.

Looking further into the future, we continue to advance our next-generation projects, including Cerro Casale, Donlin Creek, Reko Diq and Kabanga. We have completed bankable feasibility studies for both Cerro Casale and Reko Diq, and we continue to work on improving the Donlin Creek feasibility study with the evaluation of a natural gas pipeline option for the project. In 2010, we also completed the acquisition of an additional 25% of Cerro Casale in Chile, which enabled us to gain control over this project and increase our metal exposure on a per share basis at attractive rates of return.

A greater emphasis on internal value creation has also surfaced some excellent opportunities within the Company's existing portfolio. Combined with the production from our new mines under construction, this has positioned us to increase our production target to nine million ounces within five years. Beyond that horizon, we are currently evaluating an opportunity to transform the Turquoise Ridge Joint Venture in Nevada from a small underground mine to a large open pit operation. This would add another world-class asset to our portfolio.

The progress we made last year and the current position of the Company have been recognized by the market, as reflected by our strong share price performance in 2010. Barrick shares appreciated 35% last year, outperforming our peer group, and importantly, the gold price.

Our ability to meet our operating targets and advance our project pipeline is dependent upon maintaining a strong social license to operate. This means maintaining a strong safety culture, respecting the environment and achieving high standards of corporate and social responsibility.

What We Plan to Do in 2011

- Continue focus on increasing shareholder returns
- Meet production and cash cost targets
- Advance construction of Pueblo Viejo and Pascua-Lama and progress Cerro Casale towards a construction decision
- Continue to grow the net asset value of the Company and increase metal exposure per share by:
 - maximizing free cash flow from existing operations
 - growing reserves and resources
 - advancing our pipeline of low cost, high quality projects
 - pursuing selective acquisitions which are accretive to shareholder value
- Advance plans to achieve nine million ounce production target within five years
- Ensure license to operate through expanded CSR initiatives
- Preserve financial strength and the industry's highest-rated balance sheet
- Continue trend of strong earnings and cash flow generation

As such, we continue to focus our efforts on enhancing and improving our performance in these areas.

At Barrick, we announced several initiatives in 2010 to further strengthen the Company's corporate social responsibility (CSR) performance. We became the first Canadian mining company to join the Voluntary Principles on Security and Human Rights, a set of guidelines by which companies in the extractive sector can maintain the safety and security of their operations while ensuring respect for human rights and fundamental freedoms.

We also announced a plan to establish an external CSR Advisory Board that will provide advice and guidance to Barrick on challenging social and environmental issues and encourage further innovation and leadership in CSR. Consistent with these objectives, Barrick will also appoint an independent Director to its Board of Directors to support our commitment to CSR.

Our efforts in this area continue to be recognized. Barrick was once again listed on the Dow Jones World Sustainability Index, and the Company was added to the NASDAQ Global Sustainability Index, which tracks the world's top 100 companies in this area.

Improving our safety performance will continue to be a priority in 2011. We achieved a significant reduction in total reportable injuries in 2010, however, the success we achieved was overshadowed by six fatalities during the year. This is unacceptable to me, and to everyone at Barrick. We will not rest in our efforts to improve until every person goes home safe and healthy every day. We have redoubled our efforts and have intensified our focus on critical risks, Visible Felt Leadership and incident investigation.

Looking ahead, the outlook for Barrick and our industry continues to be very bright. We expect the gold price will continue to be well supported. Our production levels in 2011 should be comparable to 2010 and will

continue to trend higher as we make progress towards reaching our nine million ounce target. We have made considerable progress in controlling our operating costs but they will be higher in 2011 as we mine lower grade material, however, the impact is expected to be more than offset by higher gold prices. As a result, we should have another strong year of financial performance. Looking beyond 2011, Barrick's cost profile should be stable as we benefit from the contribution of our new, low cost projects, including Pueblo Viejo and Pascua-Lama. In addition to these, we have a deep pipeline of other projects which will be augmented over time as a result of exploration success and the acquisition of new properties. Our focus on value creation, leveraging Barrick's expertise and capabilities, has yielded significant results and I am confident that more can be done in this area to create further value for our shareholders.

In conclusion, I want to finish by recognizing the more than 20,000 employees around the world who work tirelessly to achieve the results that drive our performance. When I joined Barrick, I visited the Company's mines and offices on four continents, and one thing struck me everywhere I went: the exceptional quality of our people. Two years later, my initial impressions have only intensified, and I want to thank the entire Barrick team for making this a great Company. Finally, I would also like to extend my gratitude to our Founder and Chairman, Peter Munk, and to the Board of Directors and our shareholders for their continued support and advice over the past year.



Aaron Regent
President and Chief Executive Officer