

Notes to Consolidated Financial Statements

Barrick Gold Corporation. Tabular dollar amounts in millions of United States dollars, unless otherwise shown. References to C\$, A\$, ZAR, CLP, PGK, TZS, JPY, ARS, GBP and EUR are to Canadian dollars, Australian dollars, South African rand, Chilean pesos, Papua New Guinea kina, Tanzanian schillings, Japanese yen, Argentinean pesos, British Pound Sterling and Euros, respectively.

1 ■ Nature of Operations

Barrick Gold Corporation (“Barrick” or the “Company”) principally engages in the production and sale of gold, as well as related activities such as exploration and mine development. We also produce significant amounts of copper and hold interests in oil and gas properties located in Canada through our oil and gas subsidiary, Barrick Energy. Our producing mines are concentrated in three regional business units: North America, South America, and Australia Pacific. We also hold a 73.9% equity interest in a listed company, African Barrick Gold plc (“ABG”), which includes our African gold mines and exploration properties. We sell our gold production into the world market and we sell our copper production into the world market and to private customers.

2 ■ Significant Accounting Policies

a) Basis of Preparation

These consolidated financial statements have been prepared under United States generally accepted accounting principles (“US GAAP”). To ensure comparability of financial information, certain prior year amounts have been reclassified to reflect current financial statement presentation.

b) Principles of Consolidation

These consolidated financial statements include the accounts of Barrick Gold Corporation and those entities that we have the ability to control either through voting rights or means other than voting rights. For these entities, we record 100% of the revenues, expenses, cash flows, assets and liabilities in our consolidated financial statements. For entities that we control but hold less than a 100% ownership interest, a non-controlling interest is recorded in the consolidated income statement to reflect the non-controlling interest’s share of the net income (loss), and a non-controlling interest is recorded in the consolidated balance sheet to reflect the non-controlling interest’s

share of the net assets of the entity. For entities that are subject to joint control (“joint ventures” or “JVs”) we account for our interest using the equity method of accounting where our interest is held through a corporate structure.

For unincorporated JVs in which we hold an undivided interest in the assets and liabilities and receive our share of production from the joint venture, we include our pro rata share of the assets, liabilities, revenues, expenses and cash flows in our financial statements.

We have assessed all entities including those entities that hold economic interests in projects that are in the exploration or development stage, in which we hold an economic interest, to determine if they are variable interest entities (“VIEs”). If they are determined to be VIEs, we assess on an ongoing basis who the primary beneficiary is based on who has the power to direct matters that most significantly impact the activities of the VIE and who has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. Matters that may have a significant impact on the activities of VIEs include, but are not limited to, approval of budgets and programs, construction decisions and delegation of certain responsibilities to the operator of the project. For VIEs where we are the primary beneficiary, we consolidate the entity and record a non-controlling interest, measured initially at its estimated fair value, for the interest held by other equity owners. For VIEs where we have shared power with unrelated parties over the aforementioned matters that most significantly impact the activities of the VIE, we use the equity method of accounting to report their results (note 12). For all VIEs, our risk is limited to our investment in the entity.

The following table illustrates our policy used to account for significant operating mines/projects where we hold less than a 100% economic interest. We consolidate all operating mines/projects where we hold a 100% economic interest.

Consolidation Method at December 31, 2010

	Entity type at December 31, 2010	Economic interest at December 31, 2010 ¹	Method
African Barrick Gold²	Non-Wholly Owned Subsidiary	73.9%	Consolidation
Australia			
Kalgoorlie Mine	Unincorporated JV	50%	Pro Rata
Porgera Mine ³	Unincorporated JV	95%	Pro Rata
North America			
Round Mountain Mine	Unincorporated JV	50%	Pro Rata
Marigold Mine	Unincorporated JV	33%	Pro Rata
Turquoise Ridge Mine	Unincorporated JV	75%	Pro Rata
Capital Projects			
Pueblo Viejo Project ⁴	VIE	60%	Consolidation
Cerro Casale Project ⁵	VIE	75%	Consolidation
Donlin Creek Project ⁶	VIE	50%	Equity Method
Reko Diq Project ^{6,7}	VIE	37.5%	Equity Method
Kabanga Project ^{6,8}	VIE	50%	Equity Method

1. Unless otherwise noted, all of our joint ventures are funded by contributions made by their partners in proportion to their economic interest.
2. In 2010, we completed an initial public offering ("IPO") for a non-controlling interest in our African gold mining operations. As a result of this transaction, our economic interest in the North Mara, Bulyanhulu and Buzwagi gold mines was reduced from 100% to 73.9% and our economic interest in the Tulawaka gold mine (an unincorporated JV held through ABG) was reduced from 70% to 51.7% (note 3e).
3. We hold an undivided interest in our share of assets and liabilities at the Porgera mine.
4. In accordance with the terms of the agreement with our partner, Barrick is responsible for 60% of the funding requirements for the Pueblo Viejo project. We consolidate Pueblo Viejo and record a non-controlling interest for the 40% interest held by our partner. In 2009, we determined that the mineralization at Pueblo Viejo met the definition of proven and probable reserves for United States reporting purposes and began capitalizing development costs attributable to the project. At December 31, 2010, the consolidated carrying amounts (100%) of the Pueblo Viejo project were: assets of \$2,889 million (2009: \$1,385 million) and liabilities of \$1,392 million (2009: \$182 million). The maximum exposure to loss related to this VIE is \$898 million (2009: \$722 million), calculated as 60% of the shareholder's equity of the entity.
5. On March 31, 2010, we obtained control over the Cerro Casale project by acquiring an additional 25% interest, which increased our ownership interest to 75%. As a result, we began to consolidate Cerro Casale and record a non-controlling interest for the 25% interest held by our partner, prospectively from March 31, 2010. Previously, we had joint control over Cerro Casale and accounted for our ownership interest using the equity method of accounting. At December 31, 2010, the consolidated carrying amounts (100%) of the Cerro Casale project were: assets of \$1,883 million (2009: \$861 million) and of liabilities \$22 million (2009: \$nil). The maximum exposure to loss related to this VIE is \$1,396 million (2009: \$861 million), calculated as 75% of the shareholder's equity of the entity.
6. Our Donlin Creek, Reko Diq and Kabanga projects are VIEs that we account for ownership interests using the equity method of accounting. Our maximum exposure to loss is limited to the carrying amount of the investment (note 12).
7. We hold a 50% interest in Atacama Copper, which has a 75% interest in the Reko Diq project. We use the equity method to account for our interest in Atacama Copper (note 12).
8. In accordance with an agreement with our partner, from 2006 until the third quarter of 2008, our partner was responsible for funding 100% of exploration and project expenditures and we did not incur any costs attributable to our economic interest in this period. During the third quarter of 2008, our partner reached the \$145 million funding cap for these expenditures, and thereafter we began funding 50% of the exploration and project expenditures (note 12).

c) Foreign Currency Translation

The functional currency of our gold and copper operations is the US dollar. We translate non-US dollar balances for these operations into US dollars as follows:

- Property, plant and equipment, intangible assets and equity method investments using historical rates;
- Available-for-sale securities using closing rates with translation gains and losses recorded in other comprehensive income;
- Asset retirement obligations using historical rates;
- Deferred tax assets and liabilities using closing rates with translation gains and losses recorded in income tax expense;
- Other assets and liabilities using closing rates with translation gains and losses recorded in other income/expense; and
- Income and expenses using average exchange rates, except for expenses that relate to non-monetary assets and liabilities measured at historical rates, which are translated using the same historical rate as the associated non-monetary assets and liabilities.

The functional currency of our oil and gas operations, ("Barrick Energy") is the Canadian dollar. We translate balances related to Barrick Energy into US dollars as follows:

- Assets and liabilities using closing exchange rates with translation gains and losses recorded in other comprehensive income; and
- Income and expense using average exchange rates with translation gains and losses recorded in other comprehensive income.

d) Use of Estimates

The preparation of these financial statements requires us to make estimates and assumptions. The most significant ones are: classification of mineralization as either reserves or non-reserves; quantities of proven and probable mineral reserves; fair values of acquired assets and liabilities under business combinations, including the value of mineralized material beyond proven and probable mineral reserves; future costs and

expenses to produce proven and probable mineral reserves; future commodity prices for gold, copper, silver and other products; future costs of oil and other consumables; future currency exchange rates; the future cost of asset retirement obligations; amounts and likelihood of contingencies; the fair values of reporting units that include goodwill; uncertain tax positions; and credit risk adjustments to discount rates. Using these and other estimates and assumptions, we make various decisions in preparing the financial statements including:

- The treatment of expenditures at mineral properties prior to when production begins as either an asset or an expense (note 15);
- Whether tangible, intangible long-lived assets and equity investments are impaired, and if so, estimates of the fair value of those assets and any corresponding impairment charge (note 15);
- Our ability to realize deferred income tax assets and amounts recorded for any corresponding valuation allowances and amounts recorded for uncertain tax positions (note 24);
- The useful lives of tangible and intangible long-lived assets and the measurement of amortization (note 15);
- The fair value of asset retirement obligations (note 22);
- Whether to record a liability for loss contingencies and the amount of any such liability (notes 15 and 30);
- The amount of income tax expense (note 9);
- Allocations of the purchase price in business combinations to assets and liabilities acquired (notes 3 and 17);
- Whether any impairments of goodwill have occurred and if so the amounts of impairment charges (note 17);
- Transfers of value beyond proven and probable reserves to assets subject to amortization (note 15); and
- Fair value of derivative instruments including credit risk adjustments to the discount rates in determining fair value (notes 20 and 21).

As the estimation process is inherently uncertain, actual future outcomes could differ from our present estimates and assumptions, potentially having material future effects on our financial statements.

e) Accounting Changes

Future Accounting Policy Changes

Barrick has made the decision to convert our basis of accounting from US GAAP to International Financial Reporting Standards (“IFRS”) for periods beginning January 1, 2011, preparing its first interim financial statements in accordance with IFRS for the three-month period ending March 31, 2011. As a result of our transition to reporting under IFRS, new US GAAP pronouncements effective from 2011 onwards will not have an impact on our consolidated financial statements.

Accounting Pronouncements Implemented in 2010

Variable Interest Entities (“VIEs”)

As a result of recently issued ASU 2009-17 guidance, we reassessed our VIEs in first quarter 2010, and determined that these changes did not have an impact on our classification of VIEs. We have also increased our disclosures in respect of VIEs (note 2b).

Accounting Pronouncements Implemented in 2009

Measuring Fair Value of Liabilities

In August 2009, the FASB issued Accounting Standards Update (“ASU 2009-05”), Measuring Fair Value of Liabilities which is effective prospectively for interim periods beginning after August 1, 2009, with early adoption permitted. Previous guidance required that the fair value of liabilities be measured under the assumption that the liability is transferred to a market participant. ASU 2009-05 provides further clarification that the fair value measurement of a liability should assume transfer to a market participant as of the measurement date without settlement with the counterparty. Therefore, the fair value of the liability shall reflect non-performance risk, including but not limited to a reporting entity’s own credit risk. The application of ASU 2009-05 in fourth quarter 2009 did not have a material impact on the measurement of our liabilities.

Business Combinations

In first quarter 2009, we began applying the new FASB guidance for business combinations consummated after December 31, 2008. Under the new guidance, business combinations are accounted for under the “acquisition method”, as opposed to the “purchase method”.

The more significant changes to our accounting for business combinations resulting from the application of the acquisition method include: (i) the definition of a business is broadened to include some development stage entities, and therefore more acquisitions may be accounted for as business combinations rather than asset acquisitions; (ii) the measurement date for equity interests issued by the acquirer is the acquisition date instead of a few days before and after terms are agreed to and announced, which may significantly change the amount recorded for the acquired business if share prices differ from the agreement and announcement date to the acquisition date; (iii) all future adjustments to income tax estimates will be recorded as a component of income tax expense, whereas under the previous guidance, certain changes in income tax estimates were recorded to goodwill; (iv) acquisition-related costs of the acquirer, including investment banking fees, legal fees, accounting fees, valuation fees, and other professional or consulting fees will be expensed as incurred, whereas under the previous guidance these costs were capitalized as part of the cost of the

business combination; (v) the assets acquired and liabilities assumed as part of a business combination, whether full, partial or step acquisition, result in the recording of assets and liabilities at 100% of their fair value, whereas under the previous guidance only the controlling interest's portion was recorded at fair value; (vi) recognition of a bargain purchase gain when the fair value of the identifiable assets exceeds the purchase price, whereas under the previous guidance, the net book value of the identifiable assets would have been adjusted downward; and (vii) the non-controlling interest will be recorded at its share of fair value of net assets acquired, including its share of goodwill, whereas under previous guidance the non-controlling interest is recorded at its share of the carrying value of net assets acquired with no goodwill being allocated. See note 3 for our disclosure of the accounting impact of business combinations and asset acquisitions.

Non-controlling Interests in Consolidated Financial Statements

In first quarter 2009, we adopted the new FASB guidance for non-controlling interests. Under the new guidance, non-controlling interests are measured at 100% of the fair value of assets acquired and liabilities assumed. Prior to the effective date of the new guidance, non-controlling interests were measured at book value. For presentation and disclosure purposes, non-controlling interests are now classified as a separate component of equity. In addition, the new guidance changes the manner in which increases/decreases in ownership percentages are accounted for. Changes in ownership percentages are recorded as equity transactions and no gain or loss is recognized as long as the parent retains control of the subsidiary. When a parent company deconsolidates a subsidiary but retains a non-controlling interest, the non-controlling interest is remeasured at fair value on the date control is lost and a gain or loss is recognized at that time. Further, accumulated losses attributable to the non-controlling interests are no longer limited to the original carrying amount, and therefore non-controlling interests could have a negative carrying balance.

The new provisions have been applied prospectively with the exception of the presentation and disclosure provisions, which have been applied for all prior periods presented in the financial statements. The presentation and disclosure provisions resulted in the reclassification of non-controlling interests to the Equity section of the Balance Sheet totaling \$484 million as at December 31, 2009 (December 31, 2008: \$182 million).

f) Other Notes to the Financial Statements

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3 ■ Acquisitions and Divestitures

For the years ended December 31	2010	2009
Cash paid on acquisition¹		
Cerro Casale	\$ 454	\$ –
Barrick Energy acquisitions	264	53
Tusker Gold Limited	74	–
REN joint venture	36	–
Hemlo	–	50
	\$ 828	\$ 103
Less: cash acquired	(15)	(2)
	\$ 813	\$ 101
Cash proceeds on divestiture¹		
ABG	\$ 884	\$ –
Osborne	17	–
	\$ 901	\$ –

1. All amounts represent gross cash paid or received on acquisition or divestiture.

a) Barrick Energy Acquisitions

In 2010, Barrick Energy completed three acquisitions. On May 17, 2010, Barrick Energy acquired all of the outstanding shares of Bountiful Resources (“Bountiful”), a privately held corporation, for approximately \$109 million. On June 25, 2010, Barrick Energy acquired the Puskwa property from Galleon Energy Inc. (“Puskwa”) for approximately \$130 million. On September 17, 2010, Barrick Energy acquired the assets of Dolomite Resources (“Dolomite”) for approximately \$25 million. We have determined that all of these transactions represent business combinations, with Barrick Energy identified as the acquirer. We have recognized goodwill on these acquisitions due to expected synergies and the deferred tax impact. The tables below present the combined purchase cost and purchase price allocation for these transactions. Barrick Energy began consolidating the operating results, cash flows, and net assets of Bountiful, Puskwa, and Dolomite, from the respective acquisition dates.

Total Costs to Allocate	
Purchase cost	\$ 264
Allocation of Fair Values to Bountiful, Puskwa, and Dolomite’s Net Assets	
Current assets	\$ 8
Property, plant and equipment	252
Goodwill	64
Total assets	324
Current liabilities	2
Asset retirement obligations	8
Bank debt	13
Deferred income tax liabilities	37
Total liabilities	60
Net assets acquired	\$ 264

b) Acquisition of Tusker Gold Limited

On April 27, 2010, ABG acquired 100% of the issued and outstanding shares of Tusker Gold Limited (“Tusker”) for aggregate net consideration of approximately \$74 million. As a result of this acquisition, ABG has increased its interest in the Nyanzaga joint venture from 51% to 100%. We have determined that this transaction represents a business combination, with ABG identified as the acquirer. The tables below present the purchase cost and our preliminary purchase price allocation. The purchase price allocation will be finalized upon the determination of the deferred tax impact. Any adjustments to deferred tax impact will have a corresponding impact on goodwill.

ABG began consolidating the operating results, cash flows and net assets of Tusker from the date of acquisition.

Total Costs to Allocate	
Purchase cost	\$ 74
Less: cash acquired	(8)
Cash consideration paid	\$ 66
Preliminary Allocation of Fair Values to Tusker’s Net Assets	
Property, plant and equipment	\$ 80
Goodwill	22
Total assets	102
Current liabilities	10
Other non-current liabilities	4
Deferred income tax liabilities	22
Total liabilities	36
Net assets acquired	\$ 66

c) Disposition of Sedibelo

On February 4, 2011, we entered into agreements to dispose of our 10% interest in the Sedibelo platinum project (“Sedibelo”) and certain assets to the Bakgatla-Ba-Kgafela Tribe (“BBK”), owner of the remaining 90% interest in Sedibelo, as well as the transfer of certain long lead items required for the development of Sedibelo to Newshelf 1101 (Proprietary) Limited, for total consideration of approximately \$44 million; and to settle various outstanding matters between Barrick and the BBK regarding Sedibelo and their respective interests. The agreements are subject to certain customary conditions and the transactions are expected to close by the end of first quarter 2011.

d) Acquisition of 64% Interest in REN Joint Venture

On April 8, 2010, we entered into an agreement to acquire the remaining 64% interest in the REN joint venture from Centerra Gold Inc. for \$36 million. The REN property is located next to the Goldstrike operations in Nevada. The transaction closed on July 2, 2010. The acquisition was accounted for as an asset purchase.

e) IPO of African Gold Mining Operations

On March 24, 2010, the initial public offering (“IPO”) for ABG closed and its approximately 404 million ordinary shares were admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange’s main market for listed securities. ABG sold approximately 101 million ordinary shares in the offering, or about 25% of its equity and Barrick retained an interest in approximately 303 million ordinary shares, or about 75% of the equity of ABG. In April 2010, the over-allotment option was partially exercised resulting in a 1.1% dilution of our interest in ABG to 73.9%.

The net proceeds from the IPO and the exercise of the over-allotment option were approximately \$884 million. As Barrick has retained a controlling financial interest in ABG, we will continue to consolidate ABG and we accounted for the disposition of ABG shares as an equity transaction. Accordingly, the difference between the proceeds received and the carrying value of \$596 million has been recorded as \$288 million of additional paid-in capital in shareholders’ equity, and we set up a non-controlling interest to reflect our ownership interest in ABG.

f) Acquisition of Additional 25% Interest in Cerro Casale

On March 31, 2010, we completed the acquisition of the additional 25% interest in Cerro Casale from Kinross Gold Corporation (“Kinross”) for cash consideration of \$454 million and the elimination of a \$20 million contingent obligation, which was payable by Kinross to Barrick on a construction decision. Our interest in the project is now 75% and we have obtained control over the project. As a result, we began consolidating 100% of the operating results, cash flows and net assets of Cerro Casale, and we recorded a non-controlling interest for the 25% ownership interest held by Kinross, prospectively from March 31, 2010. We have remeasured our previously held 50% ownership interest to fair value and recorded a corresponding gain of \$29 million.

The tables below present the purchase cost and preliminary purchase price allocation.

Total Costs to Allocate

Purchase cost (25% interest)	\$ 455
Purchase price adjustment	(1)
Less: cash acquired	(7)
Cash consideration paid	447
Equity method investment	879
Non-controlling interest	454
Subtotal	1,780
Fair value of net assets	1,809
Gain on acquisition	\$ 29

Preliminary Allocation of Purchase Price to Cerro Casale’s Net Assets (100% basis)

Current assets	\$ 1
Water rights	75
VAT receivables	11
Property, plant and equipment	1,732
Total assets	1,819
Current liabilities	10
Net assets acquired	\$ 1,809

g) Acquisition of 50% Interest in Valhalla

On September 17, 2009, Barrick Energy completed the acquisition of 50% interest in the Valhalla oil and gas field, which is close to our existing Sturgeon Lake field, for total cash consideration of \$53 million. This transaction was considered an asset purchase.

h) Acquisition of 50% Interest in Hemlo

On April 22, 2009, we completed the acquisition of the remaining 50% interest in the Williams and David Bell gold mines (“Hemlo”) in Canada from Teck Resources Ltd. for cash consideration of \$50 million, thereby increasing our interest to 100%. We recognized a bargain purchase gain of \$43 million, resulting from the excess fair value of the net assets acquired over the cash consideration paid. Following this transaction, we remeasured our existing 50% interest in the assets and liabilities of Hemlo held prior to this transaction to their fair values, recognizing a gain of approximately \$29 million. The total gain of \$72 million was recorded in other income (note 8c).

The tables below represent the purchase cost, purchase price allocation and the bargain purchase gain recorded in other income in 2009 (note 8c).

Total Costs to Allocate

Purchase cost	\$ 65
Purchase price adjustment	(15)
Less: cash acquired	(2)
	\$ 48

Preliminary Allocation of Fair Values to Hemlo’s Net Assets

Current assets	\$ 10
Property, plant and equipment	
Buildings, plant and equipment	25
Capitalized development costs	21
Capitalized reserve acquisition costs	81
Total assets	137
Current liabilities	8
Asset retirement obligations	32
Deferred income tax liabilities	21
Total liabilities	61
Net assets acquired	\$ 76

i) Discontinued Operations**Results of Discontinued Operations**

For the years ended December 31	2010	2009	2008
Gold sales			
Osborne	\$ 43	\$ 31	\$ 27
Henty	–	25	52
Copper sales			
Osborne	244	212	221
	\$ 287	\$ 268	\$ 300
Income before tax			
Osborne	\$ 173	\$ 129	\$ (85)
Henty	–	9	(23)
	\$ 173	\$ 138	\$ (108)
Net income			
Osborne	\$ 121	\$ 91	\$ (81)
Henty	–	6	(23)
	\$ 121	\$ 97	\$ (104)

Osborne

On September 30, 2010, we divested our Osborne copper mine to Ivanhoe Australia Limited (“Ivanhoe”), for consideration of approximately \$17 million cash and a royalty payable from any future production, capped at approximately \$14 million. Ivanhoe has agreed to assume all site environmental obligations. A loss of approximately \$7 million, primarily due to severance obligations, was recognized in the third quarter of 2010. The results of operations, including the loss on disposition, and the assets and liabilities of Osborne have been presented as discontinued operations in these consolidated financial statements.

Henty

On July 6, 2009, we finalized an agreement with Bendigo Mining Limited (“Bendigo”) to divest our Henty mine in our Australia Pacific segment for cash consideration of \$4 million and Bendigo shares with a fair value of \$2 million as at the closing date. We are also entitled to receive a royalty payable on production from future exploration discoveries, capped at approximately \$17 million. A gain of \$4 million was recognized in the third quarter. The results of operations and the assets and liabilities of Henty have been presented as discontinued operations in these consolidated financial statements.

4 - Segment Information

In first quarter 2010 we revised the format of information provided to the Chief Operating Decision Maker to better reflect management's view of the operations. The primary change involves the presentation of Exploration and Project Development, RBU Costs and Other Expenses (Income) as a

component of Segment Income. Previously, these expenditures were monitored separately. Accordingly, we have revised our operating segment disclosure to be consistent with the reporting changes, with adjustments to comparative information to conform to the current period presentation.

Income Statement Information

For the year ended December 31, 2010	Sales	Cost of Sales	Exploration & Project Development	RBU Costs	Other Expenses (Income) ¹	Amortization	Segment Income (Loss) ²
Gold							
North America	\$ 3,823	\$ 1,511	\$ 106	\$ 39	\$ 53	\$ 444	\$ 1,670
South America	2,523	515	17	41	36	165	1,749
Australia Pacific	2,434	1,276	61	51	36	251	759
African Barrick Gold	919	487	23	38	26	119	226
Copper							
South America	1,102	345	–	5	20	84	648
Capital Projects ³	–	–	134	3	(49)	4	(92)
Barrick Energy	123	67	–	7	4	60	(15)
	\$ 10,924	\$ 4,201	\$ 341	\$ 184	\$ 126	\$ 1,127	\$ 4,945

Income Statement Information

For the year ended December 31, 2009	Sales	Cost of Sales	Exploration & Project Development	RBU Costs	Other Expenses (Income) ¹	Amortization	Segment Income (Loss) ²
Gold							
North America	\$ 2,780	\$ 1,421	\$ 66	\$ 43	\$ (9)	\$ 362	\$ 897
South America	1,831	499	30	24	33	134	1,111
Australia Pacific	1,836	1,110	38	50	56	282	300
African Barrick Gold	688	377	8	32	35	93	143
Copper							
South America	943	361	1	3	14	76	488
Capital Projects ³	–	–	107	5	(6)	3	(109)
Barrick Energy	58	39	–	6	4	30	(21)
	\$ 8,136	\$ 3,807	\$ 250	\$ 163	\$ 127	\$ 980	\$ 2,809

Income Statement Information

For the year ended December 31, 2008	Sales	Cost of Sales	Exploration & Project Development	RBU Costs	Other Expenses (Income) ¹	Amortization	Segment Income (Loss) ²
Gold							
North America	\$ 2,627	\$ 1,517	\$ 108	\$ 46	\$ (16)	\$ 354	\$ 618
South America	1,833	531	55	20	33	163	1,031
Australia Pacific	1,579	1,002	47	48	–	240	242
African Barrick Gold	538	327	16	24	14	63	94
Copper							
South America	1,007	315	11	4	4	66	607
Capital Projects ³	–	–	162	5	9	–	(176)
Barrick Energy	29	14	1	2	–	13	(1)
	\$ 7,613	\$ 3,706	\$ 400	\$ 149	\$ 44	\$ 899	\$ 2,415

1. Other expenses include accretion expense. For the year ended December 31, 2010, accretion expense was \$47 million (2009: \$57 million; 2008: \$45 million). See note 15 for further details.

2. We manage the performance of our regional business units using a measure of income before interest and taxes, consequently interest income, interest expense and income taxes are not allocated to our regional business units.

3. Segment loss for the Capital Projects segment includes project development expense and losses from equity investees that hold capital projects. See notes 7 and 12 for further details. For the year ended December 31, 2010, Capital Projects other expenses (income) includes a \$29 million pre-tax gain on the acquisition of the 25% interest in Cerro Casale (note 3f).

Reconciliation of Segment Income to Income (Loss) from Continuing Operations Before Income Taxes and Other Items

For the years ended December 31	2010	2009	2008
Segment income	\$ 4,945	\$ 2,809	\$ 2,415
Amortization of corporate assets	(22)	(36)	(13)
Exploration not attributable to segments	(9)	(11)	(12)
Project development not attributable to segments	(36)	(58)	(97)
Corporate administration	(154)	(171)	(155)
Other expense not attributable to segments	(76)	2	137
Elimination of gold sales contracts	–	(5,933)	–
Impairment charges	(7)	(277)	(598)
Interest income	14	10	39
Interest expense	(121)	(57)	(21)
Write-down of investments	–	(1)	(205)
Loss from capital projects held through equity investees	53	93	69
Income (loss) from continuing operations before income taxes and other items	\$ 4,587	\$ (3,630)	\$ 1,559

Geographic Information

For the years ended December 31	Long-lived assets ¹			Sales ²		
	2010	2009	2008	2010	2009	2008
North America						
United States	\$ 4,746	\$ 4,618	\$ 4,322	\$ 3,520	\$ 2,552	\$ 2,501
Canada	1,528	1,040	643	426	286	155
Dominican Republic	2,550	1,352	446	–	–	–
South America						
Peru	415	283	318	1,200	1,291	1,367
Chile	4,395	2,181	1,930	1,102	943	1,007
Argentina	1,758	1,214	1,104	1,323	540	466
Australia Pacific						
Australia	1,680	1,646	1,536	1,823	1,306	1,040
Papua New Guinea	868	682	677	611	530	539
Africa						
Tanzania	1,864	1,628	1,645	919	688	538
Other	17	12	17	–	–	–
Segment total	\$ 19,821	\$ 14,656	\$ 12,638	\$ 10,924	\$ 8,136	\$ 7,613

1. Long-lived assets include property, plant and equipment and other assets.

2. Presented based on the location in which the sale originated.

Asset Information

For the years ended December 31	Segment assets			Segment capital expenditures ¹		
	2010	2009	2008	2010	2009	2008
Gold						
North America	\$ 4,877	\$ 4,779	\$ 4,304	\$ 523	\$ 553	\$ 434
South America	1,311	1,166	1,183	202	161	84
Australia Pacific	2,548	2,328	2,212	295	221	207
African Barrick Gold	1,855	1,621	1,024	137	126	138
Copper						
South America	1,231	1,242	1,267	63	37	57
Capital projects	6,643	2,686	1,904	2,187	1,317	919
Barrick Energy	808	501	382	86	31	15
Segment total	19,273	14,323	12,276	3,493	2,446	1,854
Cash and equivalents	3,968	2,564	1,437			
Other current assets	3,145	2,315	2,642			
Equity in investees	291	1,136	1,085			
Other investments	203	92	60			
Intangible assets	140	66	74			
Deferred income tax assets	467	949	869			
Assets of discontinued operations	–	100	76			
Goodwill	5,287	5,197	5,280			
Other items not allocated to segments	548	333	362	67	21	62
Enterprise total	\$ 33,322	\$ 27,075	\$ 24,161	\$ 3,560	\$ 2,467	\$ 1,916

1. Segment capital expenditures are presented for internal management reporting purposes on an accrual basis. Capital expenditures in the Consolidated Statements of Cash Flow are presented on a cash basis. In 2010, cash expenditures were \$3,323 million (2009: \$2,351 million; 2008: \$1,749 million) and the increase in accrued expenditures was \$237 million in 2010 (2009: \$116 million increase; 2008: \$167 million increase).

5 ■ Sales

For the years ended December 31	2010	2009	2008
Gold bullion sales^{1,2}			
Spot market sales	\$ 9,374	\$ 6,991	\$ 6,455
Concentrate sales ³	325	144	122
	9,699	7,135	6,577
Copper sales^{1,4}			
Copper cathode sales	1,098	943	1,007
Concentrate sales	4	–	–
	1,102	943	1,007
Oil and gas sales	123	58	29
	\$ 10,924	\$ 8,136	\$ 7,613

1. Revenues include amounts transferred from OCI to earnings for commodity cash flow hedges (see notes 20e and 26).
2. Gold sales include gains and losses on non-hedge derivative contracts: For the year ended December 31, 2010: \$26 million gain (2009: \$56 million gain; 2008: \$19 million gain).
3. Concentrate sales include gains and losses on the mark-to-market receivable balances arising from smelting contracts, which are accounted for as embedded derivatives: For the year ended December 31, 2010: \$3 million gain (2009: \$1 million gain; 2008: \$3 million loss).
4. Copper sales include gains and losses on economic copper hedges that do not qualify for hedge accounting treatment: For the year ended December 31, 2010: \$40 million gain (2009: \$55 million loss; 2008: \$67 million gain). Sales also include gains and losses on the mark-to-market receivable balances arising from copper smelting contracts, which are accounted for as embedded derivatives: For the year ended December 31, 2010: \$10 million gain (2009: \$4 million gain; 2008: \$nil).

Principal Products

All of our gold mining operations produce gold in doré form, except Bulyanhulu and Buzwagi which produce both gold doré and gold concentrate. Gold doré is unrefined gold bullion bars usually consisting of 90% gold that is refined to pure gold bullion prior to sale to our customers. Gold concentrate is a processing product containing the valuable ore mineral (gold) from which most of the waste mineral has been eliminated. This concentrate undergoes a smelting process to convert it into gold bullion. Gold bullion is sold primarily in the London spot market. Gold concentrate is sold to third-party smelters. At our Zaldívar mine we produce copper cathode, which consists of 99.9% copper. Copper cathodes are sold directly under copper cathode sales contracts with various third-party buyers.

Revenue Recognition

We record revenue when the following conditions are met: persuasive evidence of an arrangement exists; delivery and transfer of title (gold revenue only) have occurred under the terms of the arrangement; the price is fixed or determinable;

and collectability is reasonably assured. Revenue is presented net of direct sales taxes of \$68 million (2009: \$30 million; 2008: \$23 million). Incidental revenues from the sale of by-products, primarily copper and silver, are classified within cost of sales.

Bullion Sales

We record revenue from gold and silver bullion sales at the time of physical delivery, which is also the date that title to the gold or silver passes. The sales price is fixed at the delivery date based on either the terms of gold sales contracts or the gold spot price.

Concentrate Sales

Under the terms of concentrate sales contracts with independent smelting companies, gold and copper sales prices are provisionally set on a specified future date after shipment based on market prices. We record revenues under these contracts at the time of shipment, which is also when title passes to the smelting companies, using forward market gold and copper prices on the expected date that final sales prices will be determined. Variations between the price recorded at the shipment date and the actual final price set under the smelting contracts are caused by changes in market gold and copper prices and result in an embedded derivative in the accounts receivable. The embedded derivative is recorded at fair value each period until final settlement occurs, with changes in fair value included as a component of revenue.

Copper Cathode Sales

Under the terms of copper cathode sales contracts, copper sales prices are provisionally set on a specified future date based upon market commodity prices plus certain price adjustments. Revenue is recognized at the time of shipment when risk of loss passes to the customer, and collectability is reasonably assured. Revenue is provisionally measured using forward market prices on the expected date that final selling prices will be determined. Variations occur between the price recorded on the date of revenue recognition and the actual final price under the terms of the contracts due to changes in market copper prices and result in an embedded derivative in the accounts receivable. The embedded derivative is recorded at fair value each period until final settlement occurs, with changes in fair value included as a component of revenue.

Provisional Copper and Gold Sales

Revenues before treatment and refining charges subject to final price adjustments as at December 31 and final provisional price adjustments recorded within the year were as follows:

At December 31	2010	2009	2008
Copper	\$ 143	\$ 88	\$ 45
Gold	66	8	15

Final price adjustments recorded during the year:

For the years ended December 31	2010	2009	2008
Gain (loss)			
Copper	\$ 21	\$ 45	\$ (36)
Gold	–	–	–

Oil and Gas Sales

Revenue from the sale of crude oil, natural gas and natural gas liquids is recorded at the time it enters the pipeline system, which is also when title transfers and there is reasonable assurance of collectability. At the time of delivery of oil and gas, prices are fixed and determinable based upon contracts referenced to monthly market commodity prices plus certain price adjustments. Price adjustments include product quality and transportation adjustments and market differentials.

6 • Cost of Sales

For the years ended December 31	Gold			Copper			Oil & Gas		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Cost of goods sold ¹	\$ 3,542	\$ 3,230	\$ 3,211	\$ 349	\$ 362	\$ 315	\$ 39	\$ 29	\$ 8
Unrealized (gains) losses on non-hedge contracts	(6)	(7)	14	–	–	–	–	–	–
By-product revenues	(124)	(73)	(92)	(4)	(1)	–	–	–	–
Royalty expense	287	218	202	–	–	–	28	10	6
Mining production taxes	90	39	42	–	–	–	–	–	–
	\$ 3,789	\$ 3,407	\$ 3,377	\$ 345	\$ 361	\$ 315	\$ 67	\$ 39	\$ 14

1. Cost of goods sold includes charges to reduce the cost of inventory to net realizable value as follows: \$3 million for the year ended December 31, 2010 (2009: \$6 million; 2008: \$62 million). The cost of inventory sold in the period reflects all components capitalized to inventory, except that, for presentation purposes, the component of inventory cost relating to amortization of property, plant and equipment is classified in the income statement under "amortization". Some companies present this amount under "cost of sales". The amount presented in amortization rather than cost of sales was \$1,097 million in the year ended December 31, 2010 (2009: \$964 million; 2008: \$893 million).

Royalties

Certain of our properties are subject to royalty arrangements based on mineral production at the properties. The primary type of royalty is a net smelter return (NSR) royalty. Under this type of royalty we pay the holder an amount calculated as the royalty percentage multiplied by the value of gold production at market gold prices less third-party smelting, refining and transportation costs. Other types of royalties include:

- Net profits interest (NPI) royalty,
- Modified net smelter return (NSR) royalty,
- Net smelter return sliding scale (NSRSS) royalty,
- Gross proceeds sliding scale (GPSS) royalty,
- Gross smelter return (GSR) royalty,
- Net value (NV) royalty, and a
- Land tenement (LT) royalty.

Royalty expense is recorded on completion of the production process.

Royalties applicable to our oil and gas properties include:

- Crown royalties,
- Net profits interest (NPI) royalty, and
- Overriding royalty (ORR).

Producing mines & development projects	Type of royalty
North America	
Goldstrike	0%–5% NSR, 0%–6% NPI
Williams	1.5% NSR, 0.75% NV, 1% NV
David Bell	3%–3.5% NSR
Round Mountain	3.53%–6.35% NSRSS
Bald Mountain	3.5%–7% NSRSS, 2.9%–4% NSR, 10% NPI
Ruby Hill	3% modified NSR
Cortez	1.5% GSR
Cortez – Pipeline/South Pipeline deposit	0.4%–9% GSR
Cortez – portion of Pipeline/ South Pipeline deposit	5% NV
South America	
Veladero	3.75% modified NSR
Lagunas Norte	2.51% NSR
Australia Pacific	
Porgera	2% NSR, 0.25% other
Queensland & Western Australia production ¹	2.5%–2.7% of gold revenue
Cowal	4% of net gold revenue
Africa	
Bulyanhulu	3% NSR
Tulawaka	3% NSR
North Mara – Nyabirama and Nyabigena pit	3% NSR, 1% LT
North Mara – Gokona pit	3% NSR, 1.1% LT
Buzwagi	3% NSR, 30% NPI ²
Capital Projects	
Donlin Creek Project	1.5% NSR (first 5 years), 4.5% NSR (thereafter), 8.0% NPI ³
Pascua-Lama Project – Chile gold production	1.5%–9.8% GPSS
Pascua-Lama Project – Chile copper production	2% NSR
Pascua-Lama Project – Argentina production	3% modified NSR
Pueblo Viejo	3.2% NSR (for gold & silver), 28.75% NPI ³
Cerro Casale	3% NSR (capped at \$3 million cumulative)
Reko Diq	2% NSR
Kabanga	3% NSR
Other	
Barrick Energy	0.40% NPI, 0.54% ORR, 22.1% Crown royalty, net

1. Includes the Kalgoorlie, Kanowna, Granny Smith, Plutonic, Darlot and Lawlers mines.

2. The NPI is calculated as a percentage of profits realized from the Buzwagi mine after all capital, exploration, and development costs and interest incurred in relation to the Buzwagi mine have been recouped and all operating costs relating to the Buzwagi mine have been paid. No amount is currently payable.

3. The NPI is calculated as a percentage of profits realized from the mine until all funds invested to date with interest at an agreed upon rate are recovered. No amount is currently payable.

7 - Exploration and Project Development Expense

For the years ended December 31	2010	2009	2008
Exploration:			
Minesite exploration	\$ 66	\$ 42	\$ 62
Projects	114	99	136
	\$ 180	\$ 141	\$ 198
Project development expense:			
Pueblo Viejo ¹	\$ 3	\$ (3)	\$ 62
Sedibelo	2	8	17
Fedorova	1	2	24
Pascua-Lama	12	17	21
Kainantu	3	10	28
Cerro Casale	63	–	–
Other	19	27	33
	103	61	185
Other project expenses ²	50	24	57
	\$ 153	\$ 85	\$ 242

1. We record a non-controlling interest balance for our partner's share of expenditures within "non-controlling interests" in the income statement. In 2009, the costs include a reimbursement of historical remediation expenditures.

2. Includes costs related to corporate development activities, research and development costs, and other corporate project expenditures.

Accounting Policy for Exploration and Project Expenditures

Exploration Expenditures

Exploration activities relate to the initial search for deposits with economic potential and the evaluation and assessment of deposits that have been identified as having economic potential. Exploration activity is undertaken at both greenfield sites (sites where we do not have any mineral deposits that are already being mined or developed) and brownfield sites (sites that are adjacent or in close proximity to a mineral deposit that is classified within proven and probable reserves as defined by United States reporting standards and is already being mined or developed). Exploration expenditures reflect the costs of such activities, including exploratory drilling costs.

Expenditures on exploration activity conducted at greenfield sites are expensed as incurred. Exploration expenditures are capitalized when incurred at brownfield sites where the activities are directed at obtaining additional information on an ore body that is classified within proven and probable reserves or for the purpose of converting a mineral resource into a proven and probable reserve and, prior to the commencement of the exploration program, we can conclude that it is probable that such a conversion will take place. Our assessment

of probability is based on the following factors: results from previous exploration programs; results from geological models; results from a mine scoping study confirming economic viability of the resource; and preliminary estimates of mine inventory, ore grade, cash flow and mine life. Costs incurred at brownfield sites that meet the above criteria are capitalized as mine development costs. All other exploration expenditures incurred at these sites are expensed as mine site exploration.

Project Expenditures

Project expenditures reflect costs incurred at development projects related to establishing the technical and commercial viability of developing mineral deposits identified through exploration or acquired through a business combination or asset acquisition. Project expenditures include the cost of: i) establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve; ii) determining the optimal methods of extraction and metallurgical and treatment processes; iii) studies related to surveying, transportation and infrastructure requirements; iv) permitting activities; and v) economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

We capitalize the costs of activities at projects after mineralization is classified as proven and probable reserves. Before classifying mineralization as proven and probable reserves, the costs of project activities are expensed as incurred, except for costs incurred to construct tangible assets that are capitalized within property, plant and equipment. The costs of start-up activities at mines and projects, such as recruiting and training costs, are also expensed as incurred within project development expense.

The Cerro Casale, Donlin Creek, Reko Diq and Kabanga projects are in various stages of development; however, none of these projects had met the criteria for cost capitalization at December 31, 2010. We account for our interests in the Reko Diq and Kabanga projects using the equity method of accounting and project expenses are included in "equity investees" in the Consolidated Income Statement (see note 12). Effective January 1, 2009, we determined that mineralization of Pueblo Viejo met the definition of proven and probable reserves for United States reporting purposes. Following this determination, we began capitalizing the cost of project activities at Pueblo Viejo.

8 - Other Expense and Income

a) Other Expense

For the years ended December 31	2010	2009	2008
Regional business unit costs ¹	\$ 184	\$ 163	\$ 149
Severance costs ²	16	41	1
Currency translation losses ³	26	8	37
Changes in estimate of AROs at closed mines	14	8	9
Finance charges ⁴	22	–	–
Community relations ⁵	35	14	21
Environmental costs	8	13	7
World Gold Council fees	16	14	11
Non-hedge derivative losses	–	1	17
Provision for supply contract restructuring costs ⁶	46	–	–
Pension and other post-retirement benefit expense	6	9	5
Other items	90	72	45
	\$ 463	\$ 343	\$ 302

1. Relates to costs incurred at regional business unit offices.
2. In 2009, includes \$21 million in restructuring costs related to an organizational review, and other termination and restructuring costs.
3. Amounts attributable to currency translation losses on working capital balances.
4. Represents financing charges on the settlement obligation to close out gold sales contracts. Those contracts were settled in fourth quarter 2010 (note 23).
5. Amounts mainly related to community programs and other related expenses.
6. Amount relates to the present value of required payments to restructure a tire supply contract.

Environmental Costs

During the production phases of a mine, we incur and expense the cost of various activities connected with environmental aspects of normal operations, including compliance with and monitoring of environmental regulations; disposal of hazardous waste produced from normal operations; and operation of equipment designed to reduce or eliminate environmental effects. In limited circumstances, costs to acquire and install plant and equipment are capitalized during the production phase of a mine if the costs are expected to mitigate risk or prevent future environmental contamination from normal operations.

When a contingent loss arises from the improper use of an asset, a loss accrual is recorded if the loss is probable and reasonably estimable. Amounts recorded are adjusted as further information develops or if circumstances change. Recoveries of environmental remediation costs from other parties are recorded as assets when receipt is deemed probable.

b) Impairment Charges

For the years ended December 31	2010	2009	2008
Impairment of goodwill (note 17) ¹	\$ –	\$ 63	\$ 584
Impairment of long-lived assets ²	7	214	14
	7	277	598
Write-down of investments (note 12) ³	–	1	205
	\$ 7	\$ 278	\$ 803

- In 2009, we recorded an impairment charge of \$63 million for Plutonic. Impairment charges for Osborne (\$64 million) and Henty (\$30 million) in 2008 are reflected in the results of discontinued operations. Impairment charges recorded in 2008 related to Kanowna (\$272 million), North Mara (\$216 million), Barrick Energy (\$88 million) and Marigold (\$8 million).
- In 2010, an impairment charge of \$7 million was recorded to write off the remaining carrying amount of an intangible asset relating to a tire supply contract. In 2009, impairment charges of \$43 million and \$158 million were recorded to reduce the carrying amount of long-lived assets for Plutonic and Sedibelo to their estimated fair values, respectively. In 2008, impairment charges primarily relate to a \$12 million charge recorded to reduce the carrying amount of long-lived assets at Marigold to their estimated fair value.
- In 2008, we recorded impairment charges on our investments in Highland Gold (\$140 million), on Asset-Backed Commercial Paper (\$39 million) and various other investments in junior gold mining companies (\$26 million).

c) Other Income

For the years ended December 31	2010	2009	2008
Gains on sale of assets ¹	\$ 21	\$ 13	\$ 187
Gain on sale of investments ²	12	6	59
Gain on acquisition of assets ³	29	72	–
Royalty income	7	5	25
Sale of water rights	3	4	4
Non-hedge derivative gains	24	–	–
Other	28	12	16
	\$ 124	\$ 112	\$ 291

- In 2008, we recorded a gain of \$167 million on the disposition of royalties to Royal Gold and a gain of \$9 million on the sale of the Doyon royalty.
- In 2008, we recorded a gain of \$12 million on the sale of available-for-sale investments. We also sold Asset-Backed Commercial Paper for cash proceeds of \$49 million and recorded a gain on sale of \$42 million.
- Relates to a \$29 million gain recorded on gaining control of Cerro Casale following the acquisition of an additional 25% interest (note 3f). In 2009, we recorded a gain of \$72 million on the acquisition of the remaining 50% interest in Hemlo (note 3h).

9 - Income Tax Expense

For the years ended December 31	2010	2009	2008
Current			
Canada	\$ 15	\$ (21)	\$ 22
International	1,180	562	613
	\$ 1,195	\$ 541	\$ 635
Deferred			
Canada	\$ 54	\$ (11)	\$ 3
International	179	210	(146)
	\$ 233	\$ 199	\$ (143)
Income tax expense before elements below	\$ 1,428	\$ 740	\$ 492
Net currency translation (gains) losses on deferred tax balances	(2)	(40)	98
Impact of legislative amendments in Australia	(78)	–	–
Dividend withholding tax	74	–	–
Canadian functional currency election	–	(70)	–
Canadian tax rate changes	–	59	–
Total expense	1,422	689	590
Current (2010) and deferred income tax (expense) recovery (2009 and 2008) – discontinued operations	(52)	(41)	4
Income tax expense – continuing operations	\$ 1,370	\$ 648	\$ 594

Currency Translation

Deferred tax balances are subject to remeasurement for changes in currency exchange rates each period. The most significant balances are Canadian deferred tax liabilities with a carrying amount of approximately \$25 million, Argentinean deferred tax liabilities with a carrying amount of approximately \$106 million, and Australian and Papua New Guinea deferred tax liabilities with a carrying amount of approximately \$144 million. In 2010 and 2009, the appreciation of the Canadian and Australian dollar against the US dollar, and the weakening of the Argentine peso against the US dollar resulted in net translation gains totaling \$2 million and \$40 million, respectively. These gains are included within deferred tax expense/recovery.

Impact of Legislative Amendments in Australia

In Australia, we elected to enter into the consolidated tax regime in 2004 (in 2002 for the former Placer Dome Inc. subsidiaries). At the time the elections were made, there were certain accrued gains that were required to be included in taxable income upon subsequent realization. In second quarter 2010, clarifying legislative amendments to the Australian consolidation tax rules were enacted. These amendments enable us to reduce the inclusion of certain of these accrued gains, resulting in a permanent decrease in taxable income. The impact of the amendment is a current tax recovery of \$78 million recorded in second quarter 2010.

Dividend Withholding Tax

In fourth quarter 2010, we recorded a \$74 million dollar dividend withholding current tax expense in respect of funds available to be repatriated from a foreign subsidiary.

Canadian Functional Currency Election

In fourth quarter 2008, we filed an election under Canadian draft legislation to prepare some of our Canadian tax returns using US dollar functional currency effective January 1, 2008. The legislation was enacted in first quarter 2009 which resulted in a one-time benefit of \$70 million.

Canadian Tax Rate Changes

In fourth quarter 2009, a provincial rate change was enacted in Canada that lowered the applicable tax rate. The impact of this tax rate change was to reduce net deferred tax assets in Canada by \$59 million, recorded as a component of deferred tax expense.

Reconciliation to Canadian Statutory Rate

For the years ended December 31	2010	2009	2008
At 31% (2009: 33%; 2008: 33.50%) statutory rate	\$ 1,422	\$ (1,198)	\$ 522
Increase (decrease) due to:			
Allowances and special tax deductions ¹	(168)	(110)	(100)
Impact of foreign tax rates ²	73	1,786	(86)
Expenses not tax deductible	25	16	13
Impairment charges not tax deductible	–	21	199
Gain on acquisition of assets not taxable	–	(18)	–
Net currency translation (gains)/losses on deferred tax balances	(2)	(40)	98
Canadian functional currency election	–	(70)	–
Impact of legislative amendments in Australia	(78)	–	–
Release of valuation allowances	(129)	–	(175)
Valuation allowances set up against current year tax losses	73	163	74
Canadian tax rate changes	–	59	–
Dividend withholding tax	74	–	–
Other withholding taxes	21	16	21
Mining taxes ³	48	21	19
Other items	11	2	9
Income tax expense	\$ 1,370	\$ 648	\$ 594

1. We are able to claim certain allowances and tax deductions unique to extractive industries that result in a lower effective tax rate.
2. We operate in multiple foreign tax jurisdictions that have tax rates different than the Canadian statutory rate. Additionally, we have reinvested earnings and cash flow generated by the Zaldívar mine in Chile to fund a portion of the construction cost of Pascua-Lama. The reinvestment of these earnings and cash flow resulted in a lower tax rate applied for the period. Amounts in 2009 include the impact of the elimination of gold sales contracts in a low tax jurisdiction.
3. For 2010, this includes the impact of adopting the new Chilean specific mining tax (royalty).

10 ■ Earnings (loss) per share

For the years ended December 31 (\$ millions, except shares in millions and per share amounts in dollars)	2010		2009		2008	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Income (loss) from continuing operations	\$ 3,153	\$ 3,153	\$ (4,371)	\$ (4,371)	\$ 889	\$ 889
Plus: interest on convertible debentures	–	–	–	–	–	3
Income (loss) available to common shareholders and after assumed conversions	3,153	3,153	(4,371)	(4,371)	889	892
Income (loss) from discontinued operations	121	121	97	97	(104)	(104)
Net income (loss)	\$ 3,274	\$ 3,274	\$ (4,274)	\$ (4,274)	\$ 785	\$ 788
Weighted average shares outstanding	987	987	903	903	872	872
Effect of dilutive securities						
Stock options	–	2	–	–	–	4
Convertible debentures	–	8	–	–	–	9
	987	997	903	903	872	885
Earnings (loss) per share						
Income (loss) from continuing operations	\$ 3.19	\$ 3.16	\$ (4.84)	\$ (4.84)	\$ 1.02	\$ 1.01
Net income (loss)	\$ 3.32	\$ 3.28	\$ (4.73)	\$ (4.73)	\$ 0.90	\$ 0.89

Earnings per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if additional common shares are assumed to be issued under securities that entitle their holders to obtain common shares in the future. For stock options, the number of additional shares for inclusion in diluted earnings per share calculations is determined using the treasury stock method. Under this method, stock options, whose exercise price is less than the average market price of our common shares, are assumed to be exercised and the proceeds

are used to repurchase common shares at the average market price for the period. The incremental number of common shares issued under stock options and repurchased from proceeds is included in the calculation of diluted earnings per share. For convertible debentures, the number of additional shares for inclusion in diluted earnings per share calculations is determined using the as if converted method. The incremental number of common shares issued is included in the number of weighted average shares outstanding and interest on the convertible debentures is excluded from the calculation of income.

11 ■ Cash Flow – Other Items

a) Operating Cash Flows – Other Items

For the years ended December 31	2010	2009	2008
Adjustments for non-cash income statement items:			
Currency translation losses (note 8a)	\$ 26	\$ 8	\$ 37
Amortization of premium on debt securities (note 20b)	(6)	(6)	(7)
Amortization of debt issue costs (note 20b)	4	6	7
Stock option expense (note 28a)	14	20	25
Loss from equity in investees (note 12)	41	87	64
Gain on sale of investments (note 8c)	(12)	(6)	(59)
Losses on write-down of inventory (note 13)	3	6	62
Non-controlling interests (notes 2b and 27)	23	6	12
Net change in current operating assets and liabilities, excluding inventory	195	148	7
Revisions to AROs (note 22)	8	10	9
Settlement of AROs (note 22)	(44)	(39)	(38)
Amortization of hedge gains/losses on acquired gold hedge position	(2)	(10)	(2)
Other net operating activities	\$ 250	\$ 230	\$ 117
Operating cash flow includes payments for:			
Pension plan contributions (note 29a)	\$ 56	\$ 50	\$ 47
Cash interest paid	400	311	213

b) Investing Cash Flows – Other Items

For the years ended December 31	2010	2009	2008
Funding for equity investees (note 12)	\$ (51)	\$ (80)	\$ (107)
Loans to joint venture partners	–	–	(4)
Purchase of land and water rights	–	–	(16)
Purchases of royalties	–	–	(42)
Long-term supply contract	–	–	(35)
Other	–	(7)	(27)
Other net investing activities	\$ (51)	\$ (87)	\$ (231)

c) Financing Cash Flows – Other Items

For the years ended December 31	2010	2009	2008
Financing fees on long-term debt	\$ (37)	\$ (16)	\$ (11)
Derivative settlements	12	(10)	(23)
Other net financing activities	\$ (25)	\$ (26)	\$ (34)

12 ■ Equity in Investees and Other Investments

a) Equity Method Investment Continuity

	Highland	Atacama ¹	Cerro Casale	Donlin Creek	Kabanga	Total
At January 1, 2008	\$ 169	\$ 118	\$ 734	\$ 64	\$ –	\$ 1,085
Purchases	1	–	41	–	–	42
Equity pick-up (loss) from equity investees	5	(32)	(11)	(17)	(9)	(64)
Capitalized interest	–	9	42	4	–	55
Funding	–	62	9	27	9	107
Impairment charges	(140)	–	–	–	–	(140)
At January 1, 2009	35	157	815	78	–	1,085
Equity pick-up (loss) from equity investees	6	(39)	(21)	(18)	(15)	(87)
Capitalized interest	–	8	46	4	–	58
Funding	–	31	21	11	17	80
At January 1, 2010	41	157	861	75	2	1,136
Equity pick-up (loss) from equity investees	12	(19)	(6)	(22)	(6)	(41)
Capitalized interest	–	8	12	4	–	24
Funding	–	12	12	22	5	51
Transfer to property, plant and equipment ²	–	–	(879)	–	–	(879)
At December 31, 2010	\$ 53	\$ 158	\$ –	\$ 79	\$ 1	\$ 291
Publicly traded	Yes	No	No	No	No	

1. Represents our investment in Reko Diq.

2. The carrying amount of the Cerro Casale investment has been transferred to property, plant and equipment as a result of our obtaining control over the entity due to the acquisition of an additional 25% interest. See note 3f for further details.

Accounting Policy for Equity Method Investments

Under the equity method, we record our equity share of the income or loss of equity investees each period. On acquisition of an equity investment, the underlying identifiable assets and liabilities of an equity investee are recorded at fair value and the income or loss of equity investees is based on these fair values. For an investment in a company that represents a business, if the cost of any equity investment exceeds the total amount of the fair value of identifiable assets and liabilities, any excess is accounted for in a manner similar to goodwill, with the exception that an annual goodwill impairment test is not required. Additional funding into an investee is recorded as an increase in the carrying value of the investment. The carrying amount of each investment in a publicly traded equity investee is evaluated for impairment using the same method as an available-for-sale security.

Our investments in non-publicly traded equity investees are exploration and development projects; therefore, we assess if there has been a potential impairment triggering event for an other-than-temporary impairment by: testing the underlying assets of the equity investee for recoverability; and assessing if there has been a change in the mining plan or strategy for the project. If we determine underlying assets are recoverable and no other potential impairment conditions were identified, then our investment in the non-publicly traded equity investee is carried at cost. If the other underlying assets are not recoverable, we record an impairment charge equal to the difference between the carrying amount of the investee and its fair value. Where reliable information is available, we determine fair value based on the present value of cash flows expected to be generated by the investee. Where reliable cash flow information is not available, we determine fair value using a market comparable approach.

b) Other Investments

At December 31	2010	2009
Available-for-sale securities	\$ 171	\$ 61
Other investments	32	31
	\$ 203	\$ 92

Available-for-sale Securities

At December 31	2010		2009	
	Fair value ¹	Gains in OCI	Fair value	Gains in OCI
Securities in an unrealized gain position				
Equity securities	\$ 169	\$ 85	\$ 54	\$ 27
Benefit plans ²				
Fixed-income	–	–	1	–
Equity	–	–	5	–
	169	85	60	27
Securities in an unrealized loss position				
Other equity securities ³	2	–	1	–
	171	85	61	27
Other investments				
Long-term loan receivable ⁴	32	–	31	–
	\$ 203	\$ 85	\$ 92	\$ 27

1. Refer to note 21 for further information on the measurement of fair value.

2. Under various benefit plans for certain former Homestake executives, a portfolio of marketable fixed-income and equity securities are held in a rabbi trust that is used to fund obligations under the plans.

3. Other equity securities in a loss position consist of investments in various junior mining companies.

4. The long-term loan receivable is measured at amortized cost. The principal amount is \$35 million.

Gains on Investments Recorded in Earnings

	2010	2009	2008
Gains realized on sales	\$ 12	\$ 6	\$ 59
Cash proceeds from sales	\$ 15	\$ 7	\$ 76

Accounting Policy for Available-for-Sale Securities

Available-for-sale securities are recorded at fair value with unrealized gains and losses recorded in other comprehensive income (“OCI”). Realized gains and losses are recorded in earnings when investments mature or on sale, calculated using the average cost of securities sold. If the fair value of an investment declines below its carrying amount, we undertake an assessment of whether the impairment is other than temporary. We consider all relevant facts and circumstances in this assessment, particularly: the length of time and extent to which fair value

has been less than the carrying amount; the financial condition and near-term prospects of the investee, including any specific events that have impacted its fair value; both positive and negative evidence that the carrying amount is recoverable within a reasonable period of time; and our ability and intent to hold the investment for a reasonable period of time sufficient for an expected recovery of the fair value up to or beyond the carrying amount. We record in earnings any unrealized declines in fair value judged to be other than temporary.

13 • Inventories

At December 31	Gold		Copper	
	2010	2009	2010	2009
Raw materials				
Ore in stockpiles	\$ 1,440	\$ 1,052	\$ 110	\$ 77
Ore on leach pads	242	215	156	172
Mine operating supplies	563	488	25	19
Work in process	265	215	48	5
Finished products				
Gold doré	75	69	–	–
Copper cathode	–	–	15	4
Gold concentrate	19	20	–	–
	2,604	2,059	354	277
Non-current ore in stockpiles ¹	(958)	(679)	(148)	(117)
	\$ 1,646	\$ 1,380	\$ 206	\$ 160

1. Ore that we do not expect to process in the next 12 months is classified within other assets.

Accounting Policy for Inventory

Material extracted from our mines is classified as either ore or waste. Ore represents material that, at the time of extraction, we expect to process into a saleable form, and sell at a profit. Ore is recorded as an asset that is classified within inventory as material is extracted from the open pit or underground mine. Ore is accumulated in stockpiles that are subsequently processed into gold/copper in a saleable form under a mine plan that takes into consideration optimal scheduling of production of our reserves, present plant capacity, and the market price of gold/copper. Gold/copper work in process represents gold/copper in the processing circuit that we count as production but is not yet in a saleable form.

Gold and copper ore contained in stockpiles is measured by estimating the number of tons added and removed from the stockpile, and the associated estimate of gold and copper contained therein (based on assay data) and applying estimated metallurgical recovery rates (based on the expected processing method). Stockpile ore tonnages are verified by periodic surveys. Costs are allocated to ore stockpiles based on quantities

of material stockpiled using current mining costs incurred up to the point of stockpiling the ore and including allocations of waste mining costs, overheads, depreciation, depletion and amortization relating to mining operations. As ore is processed, costs are removed based on recoverable quantities of gold and/or copper and each stockpile's average cost per unit. Ore stockpiles are reduced by provisions required to reduce inventory to net realizable value.

We record gold in process, gold doré and gold in concentrate form at average cost, less provisions required to reduce inventory to market value. Average cost is calculated based on the cost of inventory at the beginning of a period, plus the cost of inventory produced in a period. Costs capitalized to in process and finished goods inventory include the cost of stockpiles processed; direct and indirect materials and consumables; direct labor; repairs and maintenance; utilities; amortization of property, plant and equipment; and local mine administrative expenses. Costs are removed from inventory and recorded in cost of sales and amortization expense based on the average cost per ounce of gold in inventory. Mine operating supplies are recorded at the lower of purchase cost and market value.

We record provisions to reduce inventory to net realizable value, to reflect changes in economic factors that impact inventory value or to reflect present intentions for the use of slow moving and obsolete supplies inventory.

For the years ended December 31	2010	2009	2008
Inventory impairment charges	\$ 3	\$ 6	\$ 62

Ore on leach pads

The recovery of gold and copper from certain oxide ores is achieved through the heap leaching process. Our Pierina, Lagunas Norte, Veladero, Cortez, Bald Mountain, Round Mountain, Ruby Hill and Marigold mines all use a heap leaching process for gold and our Zaldivar mine uses a heap leaching process for copper. Under this method, ore is placed on leach pads where it is treated with a chemical solution, which dissolves the gold or copper contained in the ore. The resulting "pregnant" solution is further processed in a plant where the gold or copper is recovered. For accounting purposes, costs are added to ore on leach pads based on current mining and

leaching costs, including applicable depreciation, depletion and amortization relating to mining operations. Costs are removed from ore on leach pads as ounces or pounds are recovered based on the average cost per recoverable ounce of gold or pound of copper on the leach pad.

Estimates of recoverable gold or copper on the leach pads are calculated from the quantities of ore placed on the leach pads (measured tons added to the leach pads), the grade of ore placed on the leach pads (based on assay data) and a recovery percentage (based on ore type).

Although the quantities of recoverable gold or copper placed on the leach pads are reconciled by comparing the grades of ore placed on pads to the quantities of gold or copper actually recovered (metallurgical balancing), the nature of the leaching process inherently limits the ability to precisely monitor inventory levels. As a result, the metallurgical balancing process is regularly monitored and estimates are refined based on actual results over time. Historically, our operating results have not been materially impacted by variations between the estimated and actual recoverable quantities of gold or copper on our leach pads. At December 31, 2010, the weighted average cost per recoverable ounce of gold and recoverable pound of copper on leach pads was \$547 per ounce and \$1.10 per pound, respectively (2009: \$383 per ounce of gold and \$1.01 per pound of copper). Variations between actual and estimated quantities resulting from changes in assumptions and estimates that do not result in write-downs to net realizable value are accounted for on a prospective basis.

The ultimate recovery of gold or copper from a leach pad will not be known until the leaching process is concluded. Based on current mine plans, we expect to place the last ton of ore on our current leach pads at dates for gold ranging from 2011 to 2027 and for copper ranging from 2011 to 2027. Including the estimated time required for residual leaching, rinsing and reclamation activities, we expect that our leaching operations will terminate within a period of up to six years following the date that the last ton of ore is placed on the leach pad.

The current portion of ore inventory on leach pads is determined based on estimates of the quantities of gold or copper at each balance sheet date that we expect to recover during the next 12 months.

Ore in Stockpiles

At December 31	2010	2009	Year ¹
Gold			
Goldstrike			
Ore that requires roasting	\$ 499	\$ 452	2025
Ore that requires autoclaving	42	46	2024
Kalgoorlie	89	80	2021
Porgera	140	117	2024
Cowal	93	88	2019
Veladero	21	26	2024
Cortez	365	98	2027
Turquoise Ridge	14	15	2036
Other	177	130	
Copper			
Zaldívar	110	77	2026
	\$ 1,550	\$ 1,129	

1. Year in which we expect to complete full processing of the ore in stockpiles.

Ore on Leachpads

At December 31	2010	2009	Year ¹
Gold			
Veladero	\$ 87	\$ 75	2011
Cortez	16	25	2011
Ruby Hill	10	24	2011
Bald Mountain	15	24	2011
Lagunas Norte	17	22	2011
Round Mountain	25	18	2011
Pierina	53	14	2011
Marigold	19	13	2011
Copper			
Zaldívar	156	172	2011
	\$ 398	\$ 387	

1. Year in which we expect to complete full processing of the ore on leachpads.

Purchase Commitments

At December 31, 2010, we had purchase obligations for supplies and consumables of approximately \$1,449 million.

14 - Accounts Receivable and Other Current Assets

At December 31	2010	2009
Accounts receivable		
Amounts due from concentrate sales	\$ 22	\$ 9
Amounts due from copper cathode sales	159	109
Other receivables	165	133
	\$ 346	\$ 251
Other current assets		
Derivative assets (note 20e)	\$ 615	\$ 214
Goods and services taxes recoverable ¹	211	201
Deferred share-based compensation (note 28b)	13	7
Prepaid expenses	95	92
Other	13	10
	\$ 947	\$ 524

1. 2010 includes \$59 million and \$132 million in VAT and fuel tax receivables in Africa and South America, respectively (2009: \$50 million and \$111 million, respectively).

15 ■ Property, Plant and Equipment

	Assets subject to amortization ^{1,2}	Accumulated amortization	Capital Projects ⁶	Exploration properties & VBPP	Construction in progress ³	Total
At January 1, 2008	\$ 14,073	\$ (7,598)	\$ 1,089	\$ 474	\$ 397	\$ 8,435
Additions	584	(155)	756	–	626	1,811
Acquisitions	1,609	–	–	409	–	2,018
Capitalized interest ⁵	57	–	102	8	–	167
Amortization	–	(912)	–	–	–	(912)
Impairments	(14)	–	–	–	–	(14)
Transfers between categories ⁴	481	–	(31)	(178)	(272)	–
At January 1, 2009	16,790	(8,665)	1,916	713	751	11,505
Additions	445	21	1,207	3	608	2,284
Acquisitions	276	–	–	–	–	276
Capitalized interest ⁵	71	–	132	8	–	211
Amortization	–	(1,033)	–	–	–	(1,033)
Impairments	(56)	–	(122)	–	–	(178)
Currency translation adjustment	60	–	–	–	–	60
Transfers between categories ⁴	1,130	–	(616)	(92)	(422)	–
At January 1, 2010	18,716	(9,677)	2,517	632	937	13,125
Additions	533	43	1,957	(1)	1,032	3,564
Acquisitions	252	–	1,732	116	–	2,100
Capitalized interest ⁵	14	–	241	10	–	265
Amortization	–	(1,331)	–	–	–	(1,331)
Currency translation adjustment	28	–	–	–	–	28
Transfers between categories ⁴	1,263	–	5	(64)	(1,204)	–
At December 31, 2010	\$ 20,806	\$ (10,965)	\$ 6,452	\$ 693	\$ 765	\$ 17,751

1. Represents capitalized reserve acquisition and development costs and buildings, plant and equipment.

2. Includes assets under capital leases, leach pads and tailings dams.

3. Includes construction in process for tangible assets at operating mines, as well as deposits on long lead capital items. Once an asset is available for use, it is transferred to assets subject to amortization and amortized over its estimated useful life.

4. Includes construction in process that is transferred to buildings, plant and equipment as the asset is available for use and value beyond proven and probable reserves (“VBPP”) that is transferred to capitalized reserve acquisition and development costs, once mineralized material is converted into proven and probable reserves. In 2009, Buzwagi transitioned from a development project to an operating mine and its property, plant, and equipment balance was transferred from exploration properties, capital projects & VBPP to assets subject to amortization and construction in progress.

5. Capitalized interest for assets subject to amortization primarily reflects capitalized interest at Cortez Hills.

6. Includes construction in process for tangible assets at capital projects.

**a) Accounting Policy for Property, Plant and Equipment
Capitalized Reserve Acquisition Costs**

We capitalize the cost of acquisition of land and mineral rights. On acquiring a mineral or petroleum and natural gas property, we estimate the fair value of proven and probable reserves, and we record these amounts as assets at the date of acquisition. When production begins, capitalized reserve acquisition costs are amortized using the units-of-production (“UOP”) method, whereby the numerator is the number of ounces of gold/pounds of copper/barrels of oil equivalent (boe) produced and the denominator is the estimated recoverable ounces of gold/pounds of copper/boe contained in proven and probable reserves.

Value Beyond Proven and Probable Reserves (“VBPP”)

On acquisition of mineral property, we prepare an estimate of the fair value of the resources and exploration potential of that property and record this amount as an asset (VBPP) as at the date of acquisition. As part of our annual business cycle, we prepare estimates of proven and probable gold and copper mineral reserves for each mineral property. The change in reserves, net of production is used to determine the amount to be converted from VBPP to proven and probable reserves subject to amortization. For 2010 the effect on amortization expense of transfers from VBPP to proven and probable reserves is an increase of \$3 million (2009: \$3 million increase; 2008: \$5 million increase).

	VBPP
At January 1, 2008	\$ 313
VBPP conversion to reserves	(178)
Acquisitions ¹	381
At January 1, 2009	516
VBPP conversion to reserves	(93)
At January 1, 2010	\$ 423
VBPP conversion to reserves	(64)
At December 31, 2010	\$ 359

1. Represents VBPP acquired on acquisition of the additional 40% interest in Cortez.

Capitalized Development Costs

Capitalized development costs include the costs of removing overburden and waste materials at our open pit mining operations prior to the commencement of production; costs incurred to access reserves at our underground mining operations; exploration expenditures incurred that meet the definition of an asset (refer to note 7 for capitalization criteria for drilling and related costs), and qualifying development costs incurred at our petroleum and natural gas properties.

The costs of removing overburden and waste materials to access the ore body at an open pit mine prior to the production phase are referred to as “pre-stripping costs”. Pre-stripping costs are capitalized during the development of an open pit mine. Where a mine operates several open pits that utilize common processing facilities, we capitalize the pre-stripping costs associated with each pit. The production phase of an open pit mine commences when saleable materials, beyond a de minimus amount, are produced. Stripping costs incurred during the production phase of a mine are variable production costs that are included as a component of inventory to be recognized as a component of cost of sales in the same period as the revenue from the sale of inventory. Capitalized pre-stripping costs are amortized using the UOP method, whereby the denominator is the estimated recoverable ounces of gold/pounds of copper in proven and probable reserves in the associated open pit.

At our underground mines, we incur development costs to build new shafts, drifts and ramps that will enable us to physically access ore underground. The time over which we will continue to incur these costs depends on the mine life, which could in some cases be greater than 25 years. These underground development costs are capitalized as incurred. Costs incurred and capitalized to enable access to specific ore blocks or areas of the mine, and which only provide an economic benefit over the period of mining that ore block or area, are amortized using the UOP method, whereby the denominator is estimated recoverable ounces of gold/pounds of copper contained in proven and probable reserves within that ore block or area. If capitalized

underground development costs provide an economic benefit over the entire mine life, the costs are amortized using the UOP method, whereby the denominator is the estimated recoverable ounces of gold/pounds of copper contained in total accessible proven and probable reserves.

For our petroleum and natural gas properties, we follow the successful efforts method of accounting, whereby exploration expenditures which are either general in nature or related to an unsuccessful drilling program are expensed. Only costs which relate directly to the discovery and development of specific commercial oil and gas reserves are capitalized as development costs and amortized using the UOP method, whereby the denominator is the estimated recoverable amount of boe in proven developed reserves.

Buildings, Plant and Equipment

We record buildings, plant and equipment at cost, which includes all expenditures incurred to prepare an asset for its intended use. Cost includes the purchase price; brokers’ commissions; and installation costs including architectural, design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation insurance costs, duties, testing and preparation charges. In addition, if the cost of an asset acquired other than through a business combination is different from its tax basis on acquisition, the cost is adjusted to reflect the related future income tax consequences.

We capitalize costs that extend the productive capacity or useful economic life of an asset. Costs incurred that do not extend the productive capacity or useful economic life of an asset are considered repairs and maintenance and expensed as incurred. We amortize the capitalized cost of assets less any estimated residual value, using the straight-line method over the estimated useful economic life of the asset based on their expected use in our business. The longest estimated useful economic life for buildings and equipment at ore processing facilities is 25 years and for mining equipment is 15 years. Depreciation of oil and gas plants and related facilities is calculated using the UOP method.

In the normal course of our business, we have entered into certain leasing arrangements whose conditions meet the criteria for the leases to be classified as capital leases. For capital leases, we record an asset and an obligation at an amount equal to the present value at the beginning of the lease term of minimum lease payments over the lease term. In the case of our capital leasing arrangements, there is transfer of ownership of the leased assets to us at the end of the lease term and therefore we amortize these assets on a basis consistent with our other owned assets. As at December 31, 2010, the carrying value of our capital leases is \$72 million.

Exploration Properties and Development Projects

The amounts capitalized to exploration and development projects comprise the cost of mineral interests acquired either as individual asset purchases or as part of a business combination. The amount capitalized to development projects with proven and probable reserves also includes the capitalization cost associated with developing and constructing the mine. The value of such assets is primarily driven by the nature and amount of mineralized material contained in such properties. Exploration and development stage mineral interests represent interests in properties that contain proven and probable reserves or are believed to potentially contain mineralized material consisting of (i) other mineralized material such as measured, indicated and inferred material; (ii) other mine exploration potential such as inferred material not immediately adjacent to existing reserves and mineralization but located within the immediate mine area; (iii) other mine-related exploration potential that is not part of measured, indicated or inferred material greenfield exploration potential; and (iv) any acquired right to explore and develop a potential mineral deposit.

Amounts capitalized to capital projects include costs associated with the construction of tangible assets, such as processing plants, permanent housing facilities and other tangible infrastructure associated with the project.

Exploration Properties, Capital Projects and VBPP

	Carrying amount at December 31, 2010	Carrying amount at December 31, 2009
Exploration projects and other land positions		
Papua New Guinea land positions	\$ 194	\$ 187
Tanzanian exploration properties ¹	82	–
REN joint venture	36	–
Other	22	22
Value beyond proven and probable reserves at producing mines	359	423
Capital projects ²		
Pascua-Lama	2,164	1,196
Pueblo Viejo	2,502	1,321
Cerro Casale ³	1,786	–
	\$ 7,145	\$ 3,149

1. Represents amounts allocated to exploration properties as a result of the Tusker acquisition. See note 3b for further details.
2. The carrying amounts for the Donlin Creek, Reko Diq, and Kabanga projects are reflected in the carrying amounts of the equity investments through which they are owned. Refer to note 12.
3. The carrying amount for the Cerro Casale investment has been transferred to property, plant and equipment in 2010 as a result of our obtaining control of the entity due to the acquisition of an additional 25% interest. Refer to note 3f.

Capitalized Interest

Interest cost is considered an element of the historical cost of an asset when a period of time is necessary to prepare it for its intended use. We capitalize interest costs to exploration properties and development projects prior to when production begins while exploration, development or construction activities are in progress. We also capitalize interest costs on the cost of certain equity method investments, wherein the only significant assets are exploration properties or capital projects, and while exploration, development or construction activities are in progress. For 2010, we capitalized \$289 million of interest costs (2009: \$269 million).

Gold and Copper Mineral Reserves

At the end of each fiscal year, as part of our annual business cycle, we prepare estimates of proven and probable gold and copper mineral reserves for each mineral property. We prospectively revise calculations of amortization expense for property, plant and equipment amortized using the UOP method, whereby the denominator is estimated recoverable ounces of gold/pounds of copper. The effect of changes in reserve estimates on amortization expense for 2010 was \$nil (2009: \$70 million decrease; 2008: \$57 million decrease).

b) Amortization and Accretion

	2010	2009	2008
Amortization	\$ 1,149	\$ 1,016	\$ 912
Accretion (note 22)	47	57	45
	\$ 1,196	\$ 1,073	\$ 957

c) Impairment Evaluations

Producing Mines, Development Projects and Petroleum & Natural Gas Properties

We review and test the carrying amounts of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. We group assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. For operating mines, capital projects and petroleum and natural gas properties, the individual mine/project/property is a single reporting unit for impairment testing purposes. A potential impairment is identified if the sum of the reporting unit's undiscounted cash flows is less than its carrying amount. When a potential long-lived asset impairment is identified, the amount of impairment is calculated by comparing its fair value to its carrying amount.

Long-lived assets subject to potential impairment at mine sites/capital projects/petroleum and natural gas properties include buildings, plant and equipment, capitalized reserve acquisition and development costs and VBPP. For impairment assessment purposes, the estimated fair value of buildings, plant and equipment is based on a combination of current depreciated replacement cost and current market value. The estimated fair value of capitalized reserve acquisition, development costs and VBPP is determined using an income approach which measures the present value of the related cash flows expected to be derived from the asset.

Exploration Properties

After acquisition, various factors can affect the recoverability of the capitalized cost of land and mineral rights, particularly the results of exploration drilling. The length of time between the acquisition of land and mineral rights and when we undertake exploration work varies based on the prioritization of our exploration projects and the size of our exploration budget. If we determine that a potential impairment condition may exist, we compare the sum of the undiscounted cash flows expected to be generated from the project to its carrying amount. If the sum of undiscounted cash flows is less than the carrying amount, an impairment charge is recognized if the carrying amount of the individual long-lived assets within the group exceeds their fair value. For projects that do not have reliable cash flow projections, a market approach is applied.

In 2010, we did not record any impairment charge related to our exploration properties. In 2008, we completed a bankable feasibility study (“BFS”) for our Sedibelo platinum project in South Africa meeting the conditions for a 10% interest in the

property. We also held the right to increase our interest to 65% in return for a decision to develop Sedibelo and payment of approximately \$106 million in fourth quarter 2009. In third quarter 2009, after conducting a thorough review of development alternatives to maximize the project’s potential, we decided not to proceed with this payment to increase our ownership interest in Sedibelo. As a consequence of this decision, we recorded an impairment charge of \$158 million in third quarter 2009, reducing the carrying amount of our investment in the project and related assets to their estimated fair values.

d) Capital Commitments

In addition to entering into various operational commitments in the normal course of business, we had commitments of approximately \$1,254 million at December 31, 2010 for construction activities at our capital projects.

e) Insurance

We purchase insurance coverage for certain insurable losses, subject to varying deductibles, at our mineral properties and corporate locations including losses such as property damage and business interruption. We record losses relating to insurable events as they occur. Proceeds receivable from insurance coverage are recorded at such time as receipt is probable and the amount receivable is fixed or determinable.

Insurance Proceeds

	2010	2009	2008
Cost of sales	\$ 2	\$ 18	\$ 30
Other income	6	26	2
	\$ 8	\$ 44	\$ 32

16 ■ Intangible Assets

For the years ended December 31	2010			2009		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Water rights ¹	\$ 116	\$ –	\$ 116	\$ 40	\$ –	\$ 40
Technology ²	17	–	17	17	–	17
Supply contracts ³	23	16	7	24	15	9
	\$ 156	\$ 16	\$ 140	\$ 81	\$ 15	\$ 66
Aggregate period amortization expense		\$ 1			\$ –	
For the years ended December 31		2011	2012	2013	2014	2015
Estimated aggregate amortization expense		\$ –	\$ 2	\$ 2	\$ 2	\$ 2

1. Water rights in South America (\$116 million) are subject to annual impairment testing and will be amortized when used in the future. In 2010, we recorded a \$75 million increase as a result of gaining control of Cerro Casale. Refer to note 3f. In 2009, we increased our investment in water rights for our Sedibelo project by \$26 million.

We subsequently recorded an impairment charge for water rights related to Sedibelo (\$34 million) in third quarter 2009 (note 15c).

2. The amount will be amortized using the UOP method over the estimated proven and probable reserves of the Pueblo Viejo mine, with no assumed residual value.

3. Relates to a supply agreement with Michelin North America Inc. to secure a supply of tires and will be amortized upon the commencement of the supply of tires in the future.

Accounting Policy for Intangible Assets

Intangible assets acquired as part of an acquisition of a business are recognized separately from goodwill if the asset is separable or arises from contractual or legal rights. Intangible assets are also recognized when acquired individually or with a group of other assets.

Intangible assets are initially recorded at their estimated fair value. Intangible assets with a finite life are amortized over their useful economic lives on a straight-line or UOP basis, as appropriate. Intangible assets having indefinite lives and

intangible assets that are not yet ready for use are not amortized and are reviewed annually for impairment. We also review and test the carrying amounts of all intangible assets when events or changes in circumstances suggest that their carrying amount may not be recoverable.

In second quarter 2010, after restructuring a tire supply agreement, we recorded an impairment charge of \$7 million. In third quarter 2009, after making a decision not to continue developing the Sedibelo project, we recorded an impairment charge of \$34 million related to water rights at the project.

17 ■ Goodwill

	Gold				Copper	Other	Total
	North America	Australia	South America	Africa	South America	Barrick Energy	
At January 1, 2008	\$ 2,381	\$ 1,815	\$ 441	\$ 373	\$ 743	\$ –	\$ 5,753
Additions ¹	23	–	–	–	–	96	119
Other ²	–	–	–	–	–	(8)	(8)
Impairments ³	(8)	(272)	–	(216)	–	(88)	(584)
At December 31, 2008	2,396	1,543	441	157	743	–	5,280
Other ⁴	(20)	–	–	–	–	–	(20)
Impairments ⁵	–	(63)	–	–	–	–	(63)
At December 31, 2009	2,376	1,480	441	157	743	–	5,197
Additions ⁶	–	–	–	22	–	64	86
Other ²	–	–	–	–	–	4	4
At December 31, 2010	\$ 2,376	\$ 1,480	\$ 441	\$ 179	\$ 743	\$ 68	\$ 5,287

1. Represents goodwill acquired as a result of the acquisitions of an additional 40% interest in Cortez (\$20 million), an additional 40% interest in Storm (\$3 million) and Barrick Energy (\$96 million).

2. Represents the impact of foreign exchange rate changes on the translation of Barrick Energy from C\$ to US\$.

3. Impairment charges recorded in 2008 related to Kanowna (\$272 million), North Mara (\$216 million), Barrick Energy (\$88 million), and Marigold (\$8 million).

4. Represents a reduction of goodwill as a result of the acquisition of an additional 50% interest in the Hemlo mine (note 3h).

5. Impairment charge recorded in 2009 related to Plutonic (\$63 million).

6. Represents goodwill acquired as a result of the acquisition of Tusker (\$22 million) (note 3b) and Bountiful, Puskwa and Dolomite (\$64 million) (note 3a).

Accounting Policy for Goodwill and Goodwill Impairment

Under the purchase method, the costs of business acquisitions are allocated to the assets acquired and liabilities assumed based on the estimated fair value at the date of acquisition. The excess of purchase cost over the net fair value of identified tangible and intangible assets and liabilities acquired represents goodwill that is allocated to reporting units. We believe that goodwill arises principally because of the following factors: 1) The going concern value implicit in our ability to sustain and/or grow our business by increasing reserves and resources through new discoveries; 2) The ability to capture unique synergies that can be realized from managing a portfolio of both acquired and existing mines and mineral properties in our regional business units; and 3) the requirement to record a deferred tax liability for the difference between the assigned values and the tax bases of assets acquired and liabilities assumed in a business combination at amounts that do not reflect fair value.

Each individual mineral property that is an operating mine is a reporting unit for goodwill impairment testing purposes. On an annual basis, as at October 1, and at any other time if events or changes in circumstances indicate that the fair value of a reporting unit has been reduced below its carrying amount, we evaluate the carrying amount of goodwill for potential impairment.

There is no active market for our reporting units. Consequently, when assessing a reporting unit for potential goodwill impairment, we use an income approach (being the net present value of expected future cash flows or net asset value (“NAV”) of the relevant reporting unit) to determine the fair value we could receive for the reporting unit in an arm’s length transaction at the measurement date. Expected future cash flows are based on a probability-weighted approach applied to potential outcomes. Estimates of expected future cash flows reflect estimates of projected future revenues, cash costs of production and capital expenditures contained in our long-term life of mine (“LOM”) plans, which are updated for each reporting unit in the fourth quarter of each fiscal year.

Our LOM plans are based on detailed research, analysis and modeling to optimize the internal rate of return generated from each reporting unit. As such, these plans consider the optimal level of investment, overall production levels and sequence of extraction taking into account all relevant characteristics of the ore body, including waste to ore ratios, ore grades, haul distances, chemical and metallurgical properties impacting process recoveries and capacities of available extraction, haulage and processing equipment. Therefore, the LOM plan is the appropriate basis for forecasting production output in each future year and the related production costs and capital expenditures.

Projected future revenues reflect the forecasted future production levels at each of our reporting units as detailed in our LOM plans. Included in these forecasts is the production of mineral resources that do not currently qualify for inclusion in proven and probable ore reserves where there is a high degree of confidence in its economic extraction. This is consistent with the methodology we use to measure value beyond proven and probable reserves when allocating the purchase price of a business combination to acquired mining assets.

Projected future revenues also reflect our estimated long-term metals prices, which are determined based on current prices, an analysis of the expected total production costs of the producers, forward pricing curves of the particular metal and forecasts of expected long-term metals prices prepared by analysts. These estimates often differ from current price levels, but our methodology is consistent with how a market participant would assess future long-term metals prices. In 2010, we have used estimated 2011, 2012 and long-term gold prices of \$1,250, \$1,250 and \$1,150 per ounce, respectively (2009: short-term \$1,050, long-term \$950), and estimated 2011, 2012 and long-term copper prices of \$3.25, \$3.25 and \$2.75 per pound, respectively (2009: short-term \$2.50, long-term \$2.25).

Our estimates of future cash costs of production and capital expenditures are based on the LOM plans for each reporting unit. Costs incurred in currencies other than the US dollar are translated to US dollars using expected long-term exchange rates based on the relevant forward pricing curve. Oil prices are a significant component, both directly and indirectly, of our expected cash costs of production. We have used an estimated average oil price of \$75 per barrel (2009: \$75), which is based on the spot price, forward pricing curve, and long-term oil price forecasts prepared by analysts.

The discount rate applied to present value the net future cash flows is based upon our real weighted average cost of capital with an appropriate adjustment for the remaining life of a mine and risks associated with the relevant cash flows based on the geographic location of the reporting unit. These risk adjustments were based on observed historical country risk premiums and the average credit default swap spreads for the period. In 2010, we used the following real discount rates for our gold mines with goodwill: United States 2.31% – 3.87% (2009: 3.03% – 4.61%); Australia 3.05% – 3.83% (2009: 3.53% – 4.45%); Argentina 10.25% (2009: 12.52%); Tanzania 7.12% – 8.67% (2009: 8.79% – 10.37%); Papua New Guinea 8.67% (2009: 8.46%); and Peru 3.76% – 4.53% (2009: 4.87% – 5.78%). The decrease in discount rates compared to the prior year primarily reflects lower risk free borrowing rates. Discount rates for Papua New Guinea increased due to higher country risk premiums. For our copper mine, we used the following real discount rate in 2010: Chile 8.94% (2009: 8.82%). The increase in discount rates compared to the prior year primarily reflects a higher country risk premium.

For our gold reporting units, we apply a market multiple to the NAV computed using the present value of future cash flows approach in order to assess their estimated fair value. Gold companies typically trade at a market capitalization that is based on a multiple of their underlying NAV. Consequently, a market participant would generally apply a NAV multiple when estimating the fair value of an operating gold mine.

When selecting NAV multiples to arrive at fair value, we considered trading prices of comparable gold mining companies on October 1, 2010. The selected ranges of multiples for all operating gold mines were also based on mine life. The range of selected multiples in respect of operating gold mines with lives of five years or less were based on the lower end of the observed multiples. Mines with lives greater than five years were generally based on median and/or average observation. Mines with lives of twenty years or greater were based on a 20% increase on the median and/or average observations. In 2010, we have used the following multiples in our assessment of the fair value of our gold reporting units: North America 1.0 – 1.9 (2009: 1.2 – 2.2); Australia 1.0 – 1.6 (2009: 1.3 – 1.8); South America 1.0 – 1.5 (2009: 1.1 – 1.6); and Africa 1.0 – 1.7 (2009: 1.2 – 2.0).

In 2010 there were no goodwill impairment charges (2009: \$63 million Plutonic; 2008: Kanowna \$272 million; North Mara \$216 million; Osborne, included in discontinued operations, \$64 million; Henty, included in discontinued operations, \$30 million; Marigold \$8 million; and Barrick Energy \$88 million). In second quarter 2009, we acquired the remaining 50% interest in our Hemlo mine, which resulted in a \$20 million reduction of goodwill.

18 - Other Assets

At December 31	2010	2009
Non-current ore in stockpiles (note 13)	\$ 1,106	\$ 796
Derivative assets (note 20e)	511	290
Goods and services taxes recoverable ¹	138	124
Debt issue costs	54	42
Unamortized share-based compensation (note 28b)	70	67
Notes receivable	90	94
Deposits receivable	–	11
Other	101	107
	\$ 2,070	\$ 1,531

1. Includes \$75 million and \$63 in VAT and fuel tax receivables in South America and Africa, respectively (2009: \$94 million and \$30 million, respectively).

Debt Issue Costs

In 2010, a total of \$9 million of debt issue costs arose from the non-recourse project financing for Pueblo Viejo.

Amortization of debt issue costs is calculated using the interest method over the term of each debt obligation, and classified as a component of interest cost (see note 20b).

In 2009, a total of \$16 million of debt issue costs arose on debenture issuances of \$1.25 billion and \$750 million.

19 - Other Current Liabilities

At December 31	2010	2009
Asset retirement obligations (note 22)	\$ 88	\$ 85
Derivative liabilities (note 20e)	173	180
Post-retirement benefits (note 29)	10	16
Income taxes payable (note 9)	535	94
Restricted stock units (note 28b)	64	33
Other	94	67
	\$ 964	\$ 475

20 - Financial Instruments

Financial instruments include cash; evidence of ownership in an entity; or a contract that imposes an obligation on one party and conveys a right to a second entity to deliver/receive cash or another financial instrument. Information on certain types of financial instruments is included elsewhere in these financial statements as follows: accounts receivable – note 14; investments – note 12; restricted share units – note 28b.

a) Cash and Equivalents

Cash and equivalents include cash, term deposits, treasury bills and money markets with original maturities of less than 90 days.

At December 31	2010	2009
Cash deposits	\$ 1,345	\$ 509
Term deposits	1,236	298
Treasury bills	–	125
Money market investments	1,387	1,632
	\$ 3,968	\$ 2,564

b) Long-Term Debt¹

	2010				2009				2008				At Jan. 1
	At Dec. 31	Proceeds	Repay- ments/ Redemp- tions ⁷	Amorti- zation and Other ²	At Dec. 31	Proceeds	Repay- ments/ Redemp- tions	Amorti- zation and Other ²	At Dec. 31	Proceeds	Repay- ments/ Redemp- tions	Amorti- zation and Other ²	
Fixed rate notes	\$ 3,217	\$ -	\$ -	\$ 3	\$ 3,214	\$ 1,964	\$ -	\$ -	\$ 1,250	\$ 1,250	\$ -	\$ -	\$ -
5.80%/4.875% notes ³	752	-	-	4	748	-	-	1	747	-	-	2	745
Copper-linked notes	-	-	-	-	-	-	190	-	190	-	325	-	515
US dollar notes ⁸	996	-	-	-	996	190	-	1	805	325	-	-	480
Convertible senior debentures	-	-	281	(4)	285	-	-	(4)	289	-	-	(4)	293
Project financing	754	754	62	-	62	-	53	-	115	-	99	-	214
Capital leases	72	-	24	34	62	-	25	17	70	-	21	6	85
Other debt obligations ⁴	901	-	63	(4)	968	-	16	7	977	152	150	52	923
First credit facility ⁵	-	-	-	-	-	-	-	-	-	990	990	-	-
	6,692	754	430	33	6,335	2,154	284	22	4,443	2,717	1,585	56	3,255
Less: current portion ⁶	(14)	-	-	-	(54)	-	-	-	(93)	-	-	-	(102)
	\$ 6,678	\$ 754	\$ 430	\$ 33	\$ 6,281	\$ 2,154	\$ 284	\$ 22	\$ 4,350	\$ 2,717	\$ 1,585	\$ 56	\$ 3,153
Short-term debt													
Demand financing facility	-	-	-	-	-	-	113	-	113	-	18	-	131
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113	\$ -	\$ 113	\$ -	\$ 18	\$ -	\$ 131

- The agreements that govern our long-term debt each contain various provisions which are not summarized herein. In certain cases, these provisions allow Barrick to, at its option, redeem indebtedness prior to maturity at specified prices and also may permit redemption of debt by Barrick upon the occurrence of certain specified changes in tax legislation.
- Amortization of debt premium/discount.
- During third quarter 2004, we issued \$400 million of debentures at a \$3 million discount that mature on November 15, 2034 and \$350 million of debentures at a \$2 million discount that mature on November 15, 2014.
- The obligations have an aggregate amount of \$901 million, of which \$100 million is subject to floating interest rates and \$801 million is subject to fixed interest rates ranging from 4.75% to 8.05%. The obligations mature at various times between 2012 and 2035.
- We have a credit and guarantee agreement with a group of banks (the "Lenders"), which requires the Lenders to make available to us a credit facility of up to \$1.5 billion or the equivalent amount in Canadian currency. The credit facility, which is unsecured, has an interest rate of LIBOR plus 0.25% to 0.35% on drawn down amounts, and a commitment rate of 0.07% to 0.08% on undrawn amounts. \$50 million matures in 2012 and the remaining \$1.45 billion matures in 2013.
- The current portion of long-term debt consists of capital leases (\$14 million).
- On October 20, 2010 we redeemed all of our entire outstanding Placer Dome 2.75% Convertible Senior Debentures due 2023.
- \$400 million of US dollar notes with a coupon of 5.75% mature in 2016 and \$600 million of US dollar notes with a coupon of 6.35% mature in 2036.

Redemption of Convertible Senior Debentures

On October 20, 2010 (the "Redemption Date") we redeemed our entire outstanding Placer Dome 2.75% Convertible Senior Debentures due 2023 (the "Debentures"). The registered holders of the Debentures were to receive a redemption price of 100.825% of the principal amount outstanding, plus accrued and unpaid interest to the Redemption Date, for a total of \$1,008.63 per \$1,000.00 principal amount of Debentures if the conversion option was not exercised.

Effective September 1, 2010 to October 19, 2010, the conversion rate per each \$1,000 principal amount of Securities was 40.9378 common shares. Substantially all the holders of these debentures exercised their right to convert these Securities into common shares. No gain or loss was recognized in the income statement on conversion.

Pueblo Viejo Project Financing Agreement

In April 2010, Barrick and Goldcorp finalized terms for \$1.035 billion (100% basis) in non-recourse project financing for Pueblo Viejo. The lending syndicate is comprised of international financial institutions including export development agencies and commercial banks. The amount is divided into three tranches of \$400 million, \$375 million and \$260 million with tenors of 15, 15 and 12 years, respectively. The \$400 million tranche bears a coupon of LIBOR+3.25% pre-completion and scales gradually to LIBOR+5.10% (inclusive of political risk insurance premium) for years 13–15. The \$375 million tranche bears a fixed coupon of 4.02% for the entire 15 years. The \$260 million tranche bears a coupon of LIBOR+3.25% pre-completion and scales gradually to LIBOR+4.85% (inclusive of political risk insurance premium) for years 11–12. Barrick and Goldcorp each provided a guarantee for their proportionate share which will terminate upon Pueblo Viejo meeting certain operating completion tests and are subject to an exclusion for certain political risk events. In June 2010 we received \$782 million (100% basis), less financing fees of \$28 million on this financing agreement by fully drawing on the \$400 million and \$260 million tranches and a portion of the \$375 million tranche.

Fixed Rate Notes

On October 16, 2009, we issued two tranches of debentures totaling \$1.25 billion through our wholly-owned indirect subsidiary Barrick (PD) Australia Finance Pty Ltd. (“BPDAF”) consisting of \$850 million of 30-year notes with a coupon rate of 5.95%, and \$400 million of 10-year notes with a coupon rate of 4.95% (collectively the “Notes”). BPDAF used the proceeds to provide loans to us for settling the Gold Hedges and some of the Floating Contracts. In exchange, we provide sufficient funds to BPDAF to meet the principal and interest obligations on the notes. We also provided an unconditional and irrevocable guarantee of these payments, which will rank equally with our other unsecured and unsubordinated obligations.

On March 19, 2009, we issued an aggregate of \$750 million of 10-year notes with a coupon rate of 6.95% for general corporate purposes. The notes are unsecured, unsubordinated obligations and will rank equally with our other unsecured, unsubordinated obligations.

In September, 2008, we issued an aggregate of \$1,250 million of notes through our wholly-owned indirect subsidiaries Barrick North America Finance LLC and Barrick Gold Financeco LLC (collectively the “LLCs”) consisting of \$500 million of 5-year notes with a coupon rate of 6.125%, \$500 million of 10-year notes with a coupon rate of 6.8%, and \$250 million of 30-year notes with a coupon rate of 7.5% (collectively the “Notes”). The LLCs used the proceeds to provide loans to us. We provide sufficient funds to the LLCs to meet the principal and interest obligations on the notes. We also provided an unconditional and irrevocable guarantee of these payments, which will rank equally with our other unsecured and unsubordinated obligations.

We provide an unconditional and irrevocable guarantee on debentures totaling \$1.25 billion through our wholly-owned indirect subsidiary Barrick (PD) Australia Finance Pty Ltd. and \$1.25 billion of notes through our wholly-owned indirect subsidiaries Barrick North America Finance LLC and Barrick Gold Financeco LLC. These payments will rank equally with our other unsecured and unsubordinated obligations.

Project Financing

One of our wholly-owned subsidiaries, Minera Argentina Gold S.A. in Argentina, had a limited recourse amortizing loan of \$62 million outstanding at December 31, 2009, the majority of which had a variable interest rate. During the year this loan was fully repaid.

Interest	For the years ended December 31					
	2010		2009		2008	
	Interest cost	Effective rate ¹	Interest cost	Effective rate ¹	Interest cost	Effective rate ¹
Fixed rate notes	\$ 211	6.49%	\$ 142	6.40%	\$ 26	7.00%
5.80%/4.875% notes	41	5.48%	44	5.80%	42	5.70%
US dollar notes	62	6.22%	62	6.20%	62	6.20%
Convertible senior debentures	2	0.80%	3	0.80%	4	1.50%
Project financing	16	3.65%	8	8.20%	19	11.00%
Capital leases	3	4.30%	2	5.60%	4	5.00%
Other debt obligations	47	4.94%	49	5.10%	50	5.30%
Deposit on silver sale agreement (note 23)	21	8.59%	6	8.59%	–	–
First credit facility	–	–	–	–	17	3.30%
Demand financing facility	–	–	5	8.70%	11	8.90%
Other interest	7		5		8	
	410		326		243	
Less: interest capitalized	(289)		(269)		(222)	
	\$ 121		\$ 57		\$ 21	
Cash interest paid	\$ 400		\$ 311		\$ 213	
Amortization of debt issue costs	4		6		7	
Amortization of premium	(6)		(6)		(7)	
Losses on interest rate hedges	2		3		1	
Increase in interest accruals	10		12		29	
Interest cost	\$ 410		\$ 326		\$ 243	

1. The effective rate includes the stated interest rate under the debt agreement, amortization of debt issue costs and debt discount/premium and the impact of interest rate contracts designated in a hedging relationship with long-term debt.

Scheduled Debt Repayments

	2011	2012	2013	2014	2015	2016 and thereafter
Fixed rate notes	\$ –	\$ –	\$ 500	\$ –	\$ –	\$ 2,750
5.80%/4.875% notes	–	–	–	350	–	400
Project financing	–	–	38	76	76	592
US dollar notes	–	–	–	–	1,000	–
Other debt obligations	–	120	65	–	100	566
	\$ –	\$ 120	\$ 603	\$ 426	\$ 1,176	\$ 4,308
Minimum annual payments under capital leases	\$ 14	\$ 17	\$ 16	\$ 10	\$ 8	\$ 7

c) Use of Derivative Instruments (“Derivatives”) in Risk Management

In the normal course of business, our assets, liabilities and forecasted transactions, as reported in US dollars, are impacted by various market risks including, but not limited to:

Item	Impacted by
<ul style="list-style-type: none"> ■ Sales 	<ul style="list-style-type: none"> ■ Prices of gold, copper, oil and natural gas
<ul style="list-style-type: none"> ■ Cost of sales 	
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ■ Consumption of diesel fuel, propane, natural gas and electricity 	<ul style="list-style-type: none"> ■ Prices of diesel fuel, propane, natural gas and electricity
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ■ Non-US dollar expenditures 	<ul style="list-style-type: none"> ■ Currency exchange rates – US dollar versus A\$, ARS, C\$, CLP, JPY, PGK, TZS and ZAR
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ■ By-product credits 	<ul style="list-style-type: none"> ■ Prices of silver and copper
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ■ Corporate and regional administration, exploration and business development costs 	<ul style="list-style-type: none"> ■ Currency exchange rates – US dollar versus A\$, ARS, C\$, CLP, JPY, PGK, TZS and ZAR
<ul style="list-style-type: none"> ■ Capital expenditures 	
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ■ Non-US dollar capital expenditures 	<ul style="list-style-type: none"> ■ Currency exchange rates – US dollar versus A\$, ARS, C\$, CLP, EUR and PGK
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ■ Consumption of steel 	<ul style="list-style-type: none"> ■ Price of steel
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ■ Interest earned on cash and equivalents 	<ul style="list-style-type: none"> ■ US dollar interest rates
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ■ Interest paid on fixed-rate borrowings 	<ul style="list-style-type: none"> ■ US dollar interest rates

The timeframe and manner in which we manage risks varies for each item based upon our assessment of the risk and available alternatives for mitigating risk. For these particular risks, we believe that derivatives are an appropriate way of managing the risk.

The primary objective of our risk management program is to mitigate variability associated with changing market values related to the hedged item. Many of the derivatives we use meet the hedge effectiveness criteria and are designated in a hedge accounting relationship. Some of the derivative instruments are effective in achieving our risk management objectives, but they do not meet the strict hedge effectiveness criteria, and they are classified as “economic hedges”. The change in fair value of these economic hedges is recorded in current period earnings, classified with the income statement line item that is consistent with the derivative instruments’ intended risk objective.

d) Other Use of Derivative Instruments

We also enter into derivative instruments with the objective of realizing trading gains to increase our reported net income.

During the year, we wrote \$100 million net USD pay-fixed swaptions giving the buyer the right, but not the obligation, to enter into an interest rate swap at a specific date in the future, at a particular fixed rate, for a specified term. Changes in the fair value of the swaptions and the premiums earned were recognized in current period earnings through interest expense. For the year, we recognized a gain on premiums of \$2 million and a loss on position value of \$1 million in current period earnings. There were \$200 million USD pay-fixed swaptions outstanding at December 31, 2010.

We enter into purchased and written contracts with the primary objective of increasing the realized price on our gold and copper sales. During 2010, we wrote gold put and call options with an average outstanding notional volume of 0.3 million and 0.3 million ounces, respectively, on a net basis. We also held other net purchased gold long positions during the year with an average outstanding notional of 0.1 million ounces. During the year, we wrote copper call options averaging 5 million pounds and purchased other net long copper positions averaging 7 million pounds.

As a result of these activities, we recorded realized gains in revenue of \$26 million on gold contracts and realized gains of \$7 million on copper contracts in 2010. There are no outstanding gold or copper positions at December 31, 2010.

e) Summary of Derivatives at December 31, 2010

	Notional amount by term to maturity				Accounting classification by notional amount			Fair value (USD)
	Within 1 year	2 to 3 years	4 to 5 years	Total	Cash flow hedge	Fair value hedge	Non-hedge	
US dollar interest rate contracts								
Total receive – fixed swap positions	\$ –	\$ 100	\$ 100	\$ 200	\$ –	\$ 200	\$ –	\$ 6
Total pay – fixed swap positions	–	–	(100)	(100)	–	–	(100)	(3)
Total pay – fixed swaption positions	–	–	(200)	(200)	–	–	(200)	(2)
Currency contracts								
A\$:US\$ contracts (A\$ millions)	1,638	2,064	515	4,217	4,217	–	–	804
C\$:US\$ contracts (C\$ millions)	353	19	–	372	372	–	–	12
CLP:US\$ contracts (CLP millions) ¹	172,595	71,800	–	244,395	98,295	–	146,100	37
EUR:US\$ contracts (EUR millions)	10	10	–	20	20	–	–	(1)
PGK:US\$ contracts (PGK millions)	54	–	–	54	–	–	54	1
Commodity contracts								
Copper collar sell contracts (millions of pounds)	278	8	–	286	185	–	101	(128)
Copper net call spread contracts (millions of pounds)	132	–	–	132	–	–	132	23
Copper net collar buy contracts (millions of pounds)	79	–	–	79	–	–	79	56
Silver collar sell contracts (millions of ozs)	–	–	15	15	15	–	–	(15)
Diesel contracts (thousands of barrels) ²	2,316	2,341	50	4,707	4,707	–	–	55
Propane contracts (millions of gallons)	13	6	–	19	19	–	–	3
Electricity contracts (thousands of megawatt hours)	53	35	–	88	–	–	88	–

1. Non-hedge contracts economically hedge pre-production capital expenditures at our Pascua-Lama project.

2. Diesel commodity contracts represent a combination of WTI, ULSD and ULSD/WTI Crack spread swaps, WTB, MOPS and JET hedge contracts. These derivatives hedge physical supply contracts based on the price of ULSD, WTB, MOPS and JET respectively, plus a spread. WTI represents West Texas Intermediate, WTB represents Waterborne, MOPS represents Mean of Platts Singapore, JET represents Jet Fuel, ULSD represents Ultra Low Sulfur Diesel US Gulf Coast.

Fair Values of Derivative Instruments

	Asset Derivatives				Liability Derivatives			
	At Dec. 31, 2010		At Dec. 31, 2009		At Dec. 31, 2010		At Dec. 31, 2009	
	Balance sheet classification	Fair value	Balance sheet classification	Fair value	Balance sheet classification	Fair value	Balance sheet classification	Fair value
Derivatives designated as hedging instruments								
US dollar interest rate contracts	Other assets	\$ 6	Other assets	\$ –	Other liabilities	\$ –	Other liabilities	\$ –
Currency contracts	Other assets	831	Other assets	374	Other liabilities	1	Other liabilities	9
Commodity contracts	Other assets	112	Other assets	53	Other liabilities	192	Other liabilities	131
Total derivatives classified as hedging instruments		\$ 949		\$ 427		\$ 193		\$ 140
Derivatives not designated as hedging instruments								
US dollar interest rate contracts	Other assets	\$ –	Other assets	\$ 1	Other liabilities	\$ 5	Other liabilities	\$ 7
Currency contracts	Other assets	30	Other assets	15	Other liabilities	7	Other liabilities	9
Commodity contracts	Other assets	147	Other assets	61	Other liabilities	73	Other liabilities	43
Total derivatives not designated as hedging instruments		\$ 177		\$ 77		\$ 85		\$ 59
Total derivatives		\$1,126		\$ 504		\$ 278		\$ 199

US Dollar Interest Rate Contracts*Non-hedge Contracts*

We have a \$300 million US dollar receive-fixed interest rate swap outstanding that is used to economically hedge US dollar interest rate risk on our outstanding cash balance.

Currency Contracts*Cash Flow Hedges*

During the year, currency contracts totaling A\$1,449 million, C\$370 million, EUR 13 million, PGK 42 million, and CLP 145,885 million have been designated against forecasted non-US dollar denominated expenditures, some of which are hedges that matured within the year. The outstanding contracts hedge the variability of the US dollar amount of those expenditures caused by changes in currency exchange rates over the next four years.

Hedged items that relate to operating and/or sustaining capital expense are identified as the first stated quantity of dollars of forecasted expenditures in a future month. For A\$110 million, C\$295 million, and CLP 30,780 million of collar contracts, we have concluded that the hedges are 100% effective because the critical terms (including notional amount and maturity date) of the hedged items and the currency contracts are the same. For all remaining currency hedges, prospective and retrospective hedge effectiveness is assessed using the hypothetical derivative method. The prospective test is based on regression analysis of the month-on-month change in fair value of both the actual derivative and a hypothetical derivative caused by actual historic changes in forward exchange rates over the last three years. The retrospective test involves comparing the effect of historic changes in exchange rates each period on the fair value of both the actual and hypothetical derivative, and ineffectiveness is measured using a dollar offset approach. The effective portion of changes in fair value of the currency contracts is recorded in OCI until the forecasted expenditure impacts earnings.

Hedged items that relate to pre-production expenditures at our development projects are identified as the stated quantity of dollars of the forecasted expenditures associated with a specific transaction in a pre-defined time period. For AUD 55 million, EUR 20 million and CLP 54,900 million, hedge effectiveness is assessed using the dual spot method, where changes in fair value attributable to changes in spot prices are calculated on a discounted basis for the actual derivative and an undiscounted basis for the hypothetical derivative. The effectiveness testing excludes time value of the hedging instrument. Prospective and retrospective hedge effectiveness uses a dollar offset method.

Non-hedge Contracts

We concluded that CLP 146,100 million of collar contracts do not meet the effectiveness criteria of the dual spot method. These contracts represent an economic hedge of pre-production capital expenditures at our Pascua-Lama and Cerro Casale projects. Although not qualifying as an accounting hedge, the contracts protect us against variability of the CLP to the US dollar on pre-production expenditures at our Pascua-Lama and Cerro Casale projects. Changes in the fair value of the non-hedge CLP contracts are recorded in current period project expense. In 2010, we recorded an unrealized gain of \$24 million on the outstanding collar contracts. Non-hedge currency contracts are used to mitigate the variability of the US dollar amount of non-US dollar denominated exposures that do not meet the strict hedge effectiveness criteria. Changes in the fair value of non-hedge currency contracts are recorded in current period cost of sales, corporate administration, other income, other expense or income tax expense according to the intention of the hedging instrument.

Commodity Contracts*Diesel/Propane/Electricity/Natural Gas**Cash Flow Hedges*

During the year, we entered into 480 thousand barrels of WTI/ULSD crack spread swaps, 1,222 thousand barrels of MOPS forwards, 228 thousand barrels of WTB forwards, 228 thousand barrels of JET forwards, and 19 million gallons of propane designated against forecasted fuel purchases for expected consumption at our mines. The designated contracts act as a hedge against variability in market prices on the cost of future fuel purchases over the next four years. Hedged items are identified as the first stated quantity of forecasted consumption purchased in a future month. Prospective and retrospective hedge effectiveness is assessed using the hypothetical derivative method. The prospective test is based on regression analysis of the month-on-month change in fair value of both the actual derivative and a hypothetical derivative caused by actual historic changes in commodity prices over the last three years. The retrospective test involves comparing the effect of historic changes in commodity prices each period on the fair value of both the actual and hypothetical derivative, and ineffectiveness is measured using a dollar offset approach. The effective portion of changes in fair value of the commodity contracts is recorded in OCI until the forecasted transaction impacts earnings.

In 2009, we entered into a diesel fuel supply contract. Under the terms of the contract, fuel purchased for consumption at our Nevada based mines is priced based on the ULSD index. We have continued to hedge our exposure to diesel using our existing WTI forward contracts. Retrospective hedge effectiveness testing shows a strong correlation between ULSD and WTI and thus we expect that these hedges will continue to be effective. The prospective and retrospective testing is assessed using the hypothetical derivative method.

Non-hedge Contracts

Non-hedge electricity contracts of 88 thousand megawatt hours are used to mitigate the risk of price changes on electricity consumption at Barrick Energy. Although not qualifying as an accounting hedge, the contracts protect the Company to a significant extent from the effects of changes in electricity prices. Changes in the fair value of non-hedge electricity contracts are recorded in current period cost of sales.

Copper

Cash Flow Hedges

Copper collar contracts totaling 185 million pounds have been designated as hedges against copper cathode sales at our Zaldívar mine. The contracts contain purchased put and sold call options with weighted average strike prices of \$3.00/lb and \$4.35/lb, respectively.

For collars designated against copper cathode production, the hedged items are identified as the first stated quantity of pounds of forecasted sales in a future month. Prospective hedge effectiveness is assessed on these hedges using a dollar offset method. The dollar offset assessment involves comparing the effect of theoretical shifts in forward copper prices on the fair value of both the actual hedging derivative and a hypothetical hedging derivative. The retrospective assessment involves comparing the effect of historic changes in copper prices each period on the fair value of both the actual and hypothetical derivative using a dollar offset approach. The effective portion of changes in fair value of the copper contracts is recorded in OCI until the forecasted copper sale impacts earnings.

Non-hedge Contracts

Copper sell collar contracts totaling 22 million pounds were entered into during the year containing purchased puts and sold calls with an average strike price of \$3.25/lb and \$4.77/lb, respectively. The options mature over a period of two years, with 14 million pounds maturing in 2011 and the remaining

8 million pounds maturing in 2012. During 2010, we also de-designated collar sell contracts for 79 million pounds and crystallized \$12 million of losses in OCI. These hedges were originally designated against future copper production at our Zaldívar mine. The exposure is still expected to occur and therefore amounts crystallized in OCI will be recorded in copper revenue when the sales occur. We continue to hold these collars as non-hedge contracts. The contracts contain purchased put and sold call options with an average strike of \$3.00/lb and \$4.02/lb, respectively.

During 2010, we purchased 79 million pounds of collar buy contracts containing sold put and purchased call options with an average strike of \$3.00/lb and \$3.99/lb, respectively, for a net premium of \$11 million. Premiums paid have been recorded as a reduction of current period revenue. The options mature evenly throughout 2011.

During 2010, we purchased 132 million pounds of call options at an average strike of \$4.26/lb and sold 132 million pounds of call options at \$4.72/lb for a net premium of \$13 million. Premiums paid have been recorded as a reduction of current period revenue. The options mature evenly throughout 2011. These contracts are not designated as cash flow hedges. Changes in the fair value of these copper options are recorded in current period revenue.

Silver

Cash Flow Hedges

During the year we designated silver collar contracts totaling 15 million ounces as hedges against silver bullion sales from our silver producing mines. The contracts contain purchased put and sold call options with weighted average strike prices of \$20/oz and \$55/oz respectively. For collars designated against silver bullion sales, the hedged items are identified as the first stated quantity of ounces of forecasted sales in a future month. Prospective hedge effectiveness is assessed using a regression method. The regression method involves comparing week-by-week changes in the fair value of both the actual hedging derivative and a hypothetical derivative caused by actual historical changes in commodity prices over the last fifty-two weeks. The retrospective assessment involves comparing the effect of historic changes in silver prices each period on the fair value of both the actual and hypothetical derivative using a regression approach. The effective portion of changes in fair value of the silver contracts is recorded in OCI until the forecasted silver sale impacts earnings.

Non-hedge Gains (Losses)

For the years ended December 31	2010	2009	2008	Income statement classification
Risk management activities				
Commodity contracts				
Copper	\$ 33	\$ (53)	\$ 73	Revenue/cost of sales
Fuel	–	1	(30)	Cost of sales
Steel	–	–	(3)	Project development expense
Currency contracts	30	(4)	(8)	Cost of sales/corporate administration/ other income/expense/
Interest rate contracts	(2)	(7)	(4)	Interest income/expense
	61	(63)	28	
Other use of derivative instruments				
Commodity contracts				
Gold	26	56	19	Revenue
Copper	7	(2)	–	Revenue
Interest rate swaptions	–	3	–	Interest income/expense
	33	57	19	
Other gains (losses)				
Embedded derivatives ¹	13	5	(3)	Revenue
Hedge ineffectiveness	11	(3)	(6)	Cost of sales/revenue/other income
Ineffective portion of fair value hedge	3	–	–	Other income/expense
	\$ 27	\$ 2	\$ (9)	
	\$ 121	\$ (4)	\$ 38	

1. Includes embedded derivatives on gold concentrate sales and copper cathode sales.

Derivative Assets and Liabilities

	2010	2009
At January 1	\$ 305	\$ (43)
Derivatives cash (inflow) outflow		
Operating activities	(168)	(328)
Financing activities	(12)	10
Change in fair value of:		
Non-hedge derivatives	103	(39)
Cash flow hedges		
Effective portion	601	708
Ineffective portion	11	(3)
Fair value hedges	5	–
Ineffective portion of fair value hedge	3	–
At December 31	\$ 848	\$ 305
Classification:		
Other current assets	\$ 615	\$ 214
Other long-term assets	511	290
Other current liabilities	(173)	(180)
Other long-term obligations	(105)	(19)
	\$ 848	\$ 305

Cash Flow Hedge Gains (Losses) in OCI

	Commodity price hedges			Currency hedges			Interest rate hedges		Total
	Silver ¹	Copper	Fuel	Operating costs	Administration/ other costs	Capital expenditures	Long-term debt		
At January 1, 2008	\$ 15	\$ 14	\$ 79	\$ 238	\$ 27	\$ (1)	\$ (17)	\$ 355	
Effective portion of change in fair value of hedging instruments	–	582	(215)	(610)	(46)	5	(17)	(301)	
Transfers to earnings:									
On recording hedged items in earnings	(2)	(112)	(33)	(106)	(11)	(4)	1	(267)	
At December 31, 2008	13	484	(169)	(478)	(30)	–	(33)	(213)	
Effective portion of change in fair value of hedging instruments	–	(273)	68	820	42	48	–	705	
Transfers to earnings:									
On recording hedged items in earnings	(10)	(283)	95	(22)	7	(3)	3	(213)	
Hedge ineffectiveness due to changes in original forecasted transaction	–	–	2	(5)	–	–	–	(3)	
At December 31, 2009	3	(72)	(4)	315	19	45	(30)	276	
Effective portion of change in fair value of hedging instruments	(15)	(60)	29	549	56	53	–	612	
Transfers to earnings:									
On recording hedged items in earnings	(2)	54	26	(146)	(33)	(6)	3	(104)	
At December 31, 2010	\$ (14)	\$ (78)	\$ 51	\$ 718	\$ 42	\$ 92	\$ (27)	\$ 784	
Hedge gains/losses classified within	Cost of sales	Copper sales	Cost of sales	Cost of sales	Administration/ Other expense	Amortization	Interest expense		
Portion of hedge gain (loss) expected to affect 2011 earnings ²	\$ 2	\$ (78)	\$ 22	\$ 273	\$ 39	\$ –	\$ (3)	\$ 255	

1. Amounts prior to 2010 reflect amortization of crystallized gold positions.

2. Based on the fair value of hedge contracts at December 31, 2010.

Cash Flow Hedge Gains (Losses) at December 31

Derivatives in cash flow hedging relationships	Amount of gain (loss) recognized in OCI		Location of gain (loss) transferred from OCI into income (effective portion)	Amount of gain (loss) transferred from OCI into income (effective portion)		Location of gain (loss) recognized in income (ineffective portion and amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income (ineffective portion and amount excluded from effectiveness testing)	
	2010	2009		2010	2009		2010	2009
Interest rate contracts	\$ –	\$ –	Interest income/expense	\$ (3)	\$ (3)	Interest income/expense	\$ –	\$ –
Foreign exchange contracts	658	910	Cost of sales/corporate administration/amortization	185	21	Cost of sales/corporate administration/amortization	14	2
Commodity contracts	(46)	(205)	Revenue/cost of sales	(78)	198	Revenue/cost of sales	–	(2)
Total	\$ 612	\$ 705		\$ 104	\$ 216		\$ 14	\$ –

Fair Value Hedge Gains at December 31

Derivatives in fair value hedging relationships	Location of gain recognized in income on derivative		Amount of gain recognized in income on derivative		
	2010	2009	2010	2009	
Interest rate contracts			Interest income/expense	\$ 8	\$ –

f) Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to us by failing to discharge its obligations. Credit risk arises and is associated with our overall position in cash and cash equivalents, derivative assets and accounts receivables. To mitigate our exposure to credit risk we maintain policies to limit the concentration of credit risk, review counterparty creditworthiness on a monthly basis, and ensure liquidity of available funds.

Specifically, we invest our cash and cash equivalents in highly rated financial institutions primarily within the United States and other investment grade countries.¹

We sell our gold and copper production into the world market and to private customers with strong credit ratings. Historically the level of customer defaults has not had a significant impact on our operating results or financial position.

The fair value of our derivative contracts is adjusted for credit risk based on observed credit default swap spreads. In cases where we have a legally enforceable master netting agreement with a counterparty, credit risk exposure represents the net amount of the positive and negative fair values by counterparty. For derivatives in a net asset position, credit risk is measured using credit default swap spreads for each particular counterparty, as appropriate. For derivatives in a net liability position, credit risk is measured using Barrick's credit default swap spreads. We specifically mitigate credit risk on derivatives in a net asset position by:

- entering into derivatives with high credit-quality counterparties (investment grade);
- limiting the amount of exposure to each counterparty; and
- monitoring the financial condition of counterparties on a regular basis.

The company's maximum exposure to credit risk is as follows:

At December 31	2010	2009
Cash and equivalents	\$ 3,968	\$ 2,564
Accounts receivable	346	251
Net derivative assets by counterparty	901	235
	\$ 5,215	\$ 3,050

1. Investment grade countries include Canada, Chile, Australia, and Peru. Investment grade countries are defined as being rated BBB- or higher by S&P.

g) Risks Relating to the Use of Derivatives

By using derivatives, in addition to credit risk, we are affected by market risk. Market risk is the risk that the fair value of a derivative might be adversely affected by a change in commodity prices, interest rates, or currency exchange rates, and that this in turn affects our financial condition. We manage market risk by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

21 - Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

a) Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Aggregate fair value
Cash equivalents	\$ 2,781	\$ -	\$ -	\$ 2,781
Available-for-sale securities	171	-	-	171
Derivatives	-	848	-	848
Receivables from provisional copper and gold sales	-	159	-	159
	\$ 2,952	\$ 1,007	\$ -	\$ 3,959

b) Fair Values of Financial Instruments

At December 31	2010		2009	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Financial assets				
Cash and equivalents ¹	\$ 3,968	\$ 3,968	\$ 2,564	\$ 2,564
Accounts receivable ¹	346	346	251	251
Available-for-sale securities ²	171	171	61	61
Derivative assets	1,126	1,126	504	504
	\$ 5,611	\$ 5,611	\$ 3,380	\$ 3,380
Financial liabilities				
Accounts payable ¹	\$ 1,511	\$ 1,511	\$ 1,221	\$ 1,221
Long-term debt ³	6,692	7,070	6,335	6,723
Settlement obligation to close out gold sales contracts	—	—	647	647
Derivative liabilities	278	278	199	199
Restricted share units ⁴	153	153	124	124
Deferred share units ⁴	9	9	6	6
	\$ 8,643	\$ 9,021	\$ 8,532	\$ 8,920

1. Fair value approximates the carrying amounts due to the short-term nature and historically negligible credit losses.

2. Recorded at fair value. Quoted market prices are used to determine fair value.

3. Long-term debt is generally recorded at cost except for obligations that are designated in a fair-value hedge relationship, which are recorded at fair value in periods when a hedge relationship exists. The fair value of long-term debt is primarily determined using quoted market prices. Balance includes current portion of long-term debt.

4. Recorded at fair value based on our period-end closing market share price.

c) Valuation Techniques**Cash Equivalents**

The fair value of our cash equivalents is classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices in active markets. Our cash equivalents are comprised of U.S. Treasury bills and money market securities that are invested primarily in U.S. Treasury bills.

Available-for-Sale Securities

The fair value of available-for-sale securities is determined based on a market approach reflecting the closing price of each particular security at the balance sheet date. The closing price is a quoted market price obtained from the exchange that is the principal active market for the particular security, and therefore available-for-sale securities are classified within Level 1 of the fair value hierarchy.

Derivative Instruments

The fair value of derivative instruments is determined using either present value techniques or option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. The fair values of all our derivative contracts include an adjustment for credit risk. For counterparties in a net asset position credit risk is based upon the observed credit default swap spread for each particular counterparty, as appropriate. For counterparties in a net liability position credit risk is based upon Barrick's observed credit default swap spread. The fair value of US dollar interest rate and currency swap contracts is determined by discounting contracted cash flows using a discount rate derived from observed LIBOR and swap rate curves and CDS rates. In the case of currency contracts, we convert non-US dollar cash flows into US dollars using an exchange rate derived from currency swap curves and CDS rates. The fair value of commodity forward contracts is determined by discounting contractual cash flows using a discount rate derived from observed LIBOR and swap rate curves and CDS rates. Contractual cash flows are calculated using a forward pricing curve derived from observed forward prices for each commodity. Derivative instruments are classified within Level 2 of the fair value hierarchy.

Receivables from Provisional Copper and Gold Sales

The fair value of receivables rising from copper and gold sales contracts that contain provisional pricing mechanisms is determined using the appropriate quoted forward price from the exchange that is the principal active market for the particular metal. As such, these receivables are classified within Level 2 of the fair value hierarchy.

22 ■ Asset Retirement Obligations**Asset Retirement Obligations (AROs)**

	2010	2009
At January 1	\$ 1,207	\$ 1,036
AROs acquired during the year	9	30
AROs arising in the year	305	119
Impact of revisions to expected cash flows recorded in earnings	8	10
Settlements		
Cash payments	(44)	(39)
Settlement gains	(5)	(6)
Accretion	47	57
At December 31	1,527	1,207
Current portion (note 19)	(88)	(85)
	\$ 1,439	\$ 1,122

Each period we assess cost estimates and other assumptions used in the valuation of AROs at each of our mineral properties to reflect events, changes in circumstances and new information available. Changes in these cost estimates and assumptions have a corresponding impact on the fair value of the ARO. For closed mines, any change in the fair value of AROs results in a corresponding charge or credit within other expense, whereas at operating mines the charge is recorded as an adjustment to the carrying amount of the corresponding asset. In 2010, adjustments of \$27 million were recorded to reflect changes in cost estimates for AROs at closed mines and Barrick Energy (2009: \$10 million; 2008: \$9 million).

At December 31	2010	2009
Operating mines and development properties		
ARO increase ¹	\$ 301	\$ 119
ARO decrease ²	(8)	(1)
Closed mines		
ARO increase ³	14	8
Barrick Energy		
ARO increase ¹	13	2

1. These adjustments were recorded with a corresponding adjustment to property, plant and equipment. 2010 balance includes revisions to mine closure plans at Porgera (\$118 million) and Pierina (\$90 million).
2. Represents a decrease in AROs at a mine where the corresponding ARO asset had been fully amortized and was therefore recorded as a recovery in other income.
3. For closed mines, any change in the fair value of AROs results in a corresponding charge or credit to other expense or other income, respectively.

AROs arise from the acquisition, development, construction and normal operation of mining property, plant and equipment, due to government controls and regulations that protect the environment on the closure and reclamation of mining properties. The major parts of the carrying amount of AROs relate to tailings and heap leach pad closure/rehabilitation; demolition of buildings/mine facilities; ongoing water treatment; and ongoing care and maintenance of closed mines. The fair values of AROs are measured by discounting the expected cash flows using a discount factor that reflects the credit-adjusted risk-free rate of interest. We prepare estimates of the timing and amount of expected cash flows when an ARO is incurred. We update expected cash flows to reflect changes in facts and circumstances. The principal factors that can cause expected cash flows to change are: the construction of new processing facilities; changes in the quantities of material in reserves and a corresponding change in the life-of-mine plan; changing ore characteristics that impact required environmental protection measures and related costs; changes in water quality that impact the extent of water treatment required; and changes in laws and regulations governing the protection of the environment. When expected cash flows increase, the revised cash flows are

discounted using a current discount factor whereas when expected cash flows decrease the reduced cash flows are discounted using a historic discount factor, and then in both cases any change in the fair value of the ARO is recorded. We record the fair value of an ARO when it is incurred. At producing mines AROs incurred and changes in the fair value of AROs are recorded as an adjustment to the corresponding asset carrying amounts. At closed mines, any adjustment to the fair value of an ARO is charged directly to earnings. AROs are adjusted to reflect the passage of time (accretion) calculated by applying the discount factor implicit in the initial fair-value measurement to the beginning-of-period carrying amount of the AROs. For producing mines, development projects and closed mines, accretion is recorded in amortization and accretion. Upon settlement of an ARO, we record a gain or loss if the actual cost differs from the carrying amount of the ARO. Settlement gains/losses are recorded in other (income) expense. Other environmental remediation costs that are not AROs are expensed as incurred (see note 8a).

23 - Other Non-current Liabilities

At December 31	2010	2009
Deposit on silver sale agreement	\$ 312	\$ 196
Settlement obligation to close out		
gold sales contracts	–	647
Pension benefits (note 29c)	103	96
Other post-retirement benefits (note 29e)	25	26
Derivative liabilities (note 20e)	105	19
Restricted share units (note 28b)	89	91
Provision for supply contract restructuring costs	31	–
Provision for offsite remediation	61	–
Other	142	70
	\$ 868	\$ 1,145

Silver Sale Agreement

On September 22, 2009, we entered into an agreement with Silver Wheaton Corp. to sell the equivalent of 25% of the life-of-mine silver production from the Pascua-Lama project and 100% of silver production from the Lagunas Norte, Pierina and Veladero mines until project completion at Pascua-Lama. In return, we were entitled to an upfront cash payment of \$625 million payable over three years from the date of the agreement, as well as ongoing payments in cash of the lesser of \$3.90 (subject to an annual inflation adjustment of 1% starting three years after project completion at Pascua-Lama) and the prevailing market price for each ounce of silver delivered under the agreement.

During 2010 we received cash payments of \$137.5 million (2009: \$213 million). Providing that construction continues to progress at Pascua-Lama, we are entitled to receive additional cash payments totaling \$275 million in aggregate over the next two anniversary dates of the agreement. An imputed interest expense is being recorded on the liability at the rate implicit in the agreement. The liability plus imputed interest will be amortized based on the difference between the effective contract price for silver and the amount of the ongoing cash payment per ounce of silver delivered under the agreement.

Settlement Obligation to Close Out Gold Sales Contracts

In September 2009, we announced a plan to eliminate our “Gold Hedges” and a significant portion of our “Floating Contracts”. Our “Gold Hedges” were fixed price contracts which did not participate in gold price movements. Our “Floating Contracts” were essentially Gold Hedges that had been offset against future movements in the gold price but not yet settled. As at December 31, 2009, the obligation relating to the Floating Contracts had been reduced to \$0.6 billion. During 2010 the \$0.6 billion obligation relating to the Floating Contracts was repaid.

24 - Deferred Income Taxes

Recognition and Measurement

We record deferred income tax assets and liabilities where temporary differences exist between the carrying amounts of assets and liabilities in our balance sheet and their tax bases. The measurement and recognition of deferred income tax assets and liabilities takes into account: enacted rates that will apply when temporary differences reverse; interpretations of relevant tax legislation; tax planning strategies; estimates of the tax bases of assets and liabilities; and the deductibility of expenditures for income tax purposes. We recognize the effect of changes in our assessment of these estimates and factors when they occur. Changes in deferred income tax assets, liabilities and valuation allowances are allocated between net income and other comprehensive income based on the source of the change.

Current income taxes of \$74 million and deferred income taxes of \$48 million have been provided on the undistributed earnings of certain foreign subsidiaries. Deferred income taxes have not been provided on the undistributed earnings of all other foreign subsidiaries which are considered to be reinvested indefinitely outside Canada. The determination of the unrecorded deferred income tax liability is not considered practicable.

Sources of Deferred Income Tax Assets and Liabilities

At December 31	2010	2009
Deferred tax assets		
Tax loss carry forwards	\$ 553	\$ 659
Capital tax loss carry forwards	101	–
Alternative minimum tax (“AMT”) credits	318	287
Asset retirement obligations	494	413
Property, plant and equipment	177	268
Post-retirement benefit obligations	14	16
Accrued interest payable	63	108
Other	53	–
	1,773	1,751
Valuation allowances	(425)	(481)
	1,348	1,270
Deferred tax liabilities		
Property, plant and equipment	(1,725)	(1,328)
Derivative instruments	(168)	(81)
Inventory	(102)	(70)
Other	–	(26)
	\$ (647)	\$ (235)
Classification:		
Non-current assets	\$ 467	\$ 949
Non-current liabilities	(1,114)	(1,184)
	\$ (647)	\$ (235)

Expiry Dates of Tax Losses and AMT Credits

	2011	2012	2013	2014	2015+	No expiry date	Total
Tax losses ¹							
Canada	\$ 7	\$ –	\$ 2	\$ –	\$ 1,290	\$ –	\$ 1,299
Barbados	–	–	–	–	7,280	–	\$ 7,280
Chile	–	–	–	–	–	202	\$ 202
Tanzania	–	–	–	–	–	97	\$ 97
Dominican Republic	–	–	–	–	–	247	\$ 247
Other	–	–	–	–	6	100	\$ 106
	\$ 7	\$ –	\$ 2	\$ –	\$ 8,576	\$ 646	\$ 9,231
AMT credits ²						\$ 318	\$ 318

1. Represents the gross amount of tax loss carry forwards translated at closing exchange rates at December 31, 2010.

2. Represents the amounts deductible against future taxes payable in years when taxes payable exceed “minimum tax” as defined by United States tax legislation.

Net Deferred Tax Assets

	2010	2009
Gross deferred tax assets		
Canada	\$ 350	\$ 366
Chile	20	44
Argentina	97	119
Australia	104	109
Tanzania	56	122
United States	136	542
Barbados	73	69
Other	56	59
	892	1,430
Valuation allowances		
Canada	(52)	(45)
Chile	(20)	(22)
Argentina	(97)	(119)
Australia	(104)	(11)
Tanzania	(30)	(30)
United States	(7)	(136)
Barbados	(73)	(69)
Other	(42)	(49)
	(425)	(481)
Net	\$ 467	\$ 949

Valuation Allowances

We consider the need to record a valuation allowance against deferred tax assets, taking into account the effects of local tax law. A valuation allowance is not recorded when we conclude that sufficient positive evidence exists to demonstrate that it is more likely than not that a deferred tax asset will be realized. The main factors considered are:

- Historic and expected future levels of taxable income;
- Tax plans that affect whether tax assets can be realized; and
- The nature, amount and expected timing of reversal of taxable temporary differences.

Levels of future taxable income are mainly affected by: market gold and silver prices; forecasted future costs and expenses to produce gold reserves; quantities of proven and probable gold reserves; market interest rates; and foreign currency exchange rates. If these factors or other circumstances change, we record an adjustment to valuation allowances to reflect our latest assessment of the amount of deferred tax assets that will more likely than not be realized.

A deferred income tax asset totaling \$298 million has been recorded in Canada. This deferred tax asset primarily arose due to mark-to-market losses realized for acquired Placer Dome derivative instruments. Projections of various sources of income support the conclusion that the realizability of this deferred tax asset is more likely than not, and consequently no valuation allowance has been set up for this deferred tax asset.

Due to the impact of higher market gold prices in third quarter 2010 the remaining valuation allowance relating to AMT credits in the United States was released.

Source of Changes in Deferred Tax Balances

For the years ended December 31	2010	2009	2008
Temporary differences			
Property, plant and equipment	\$ (402)	\$ (279)	\$ (3)
Asset retirement obligations	81	47	24
Tax loss carry forwards	(106)	2	(72)
Capital tax loss carry forwards	101	-	-
Derivatives	(86)	(171)	212
Other	(1)	8	(2)
	(413)	(393)	159
Net currency translation gains/ (losses) on deferred tax balances	2	40	(98)
Canadian tax rate changes	-	(59)	-
Canadian functional currency election	-	70	-
Release of other valuation allowances	-	-	175
	\$ (411)	\$ (342)	\$ 236
Intraperiod allocation to:			
Income (loss) from continuing operations before income taxes	\$ (231)	\$ (107)	\$ 41
Income (loss) from discontinued operations	-	(41)	4
Tusker acquisition	(22)	-	-
Acquisition of Hemlo	-	(56)	-
Share issue costs	-	40	-
Redemption of convertible senior debentures	(12)	-	-
Cortez acquisition	-	-	11
Barrick Energy Inc. acquisitions	(37)	-	(22)
Kainantu acquisition	-	-	(19)
Other acquisition	-	-	2
OCI (note 26)	(109)	(178)	219
Other	(1)	(8)	(2)
	\$ (412)	\$ (350)	\$ 234

Unrecognized Tax Benefits

	2010	2009
At January 1	\$ 67	\$ 46
Additions based on tax positions related to the current year	-	-
Additions for tax positions of prior years	-	38
Reductions for tax positions of prior years	-	-
Settlements	(3)	(17)
At December 31 ¹	\$ 64	\$ 67

1. If recognized, the total amount of \$64 million would be recognized as a benefit to income taxes on the income statement, and therefore would impact the reported effective tax rate.

We anticipate the amount of unrecognized tax benefits to decrease within 12 months of the reporting date by approximately \$2 million to \$3 million, related primarily to the expected settlement of income tax and mining tax assessments.

We further anticipate that it is reasonably possible for the amount of unrecognized tax benefits to decrease within 12 months of the reporting date by approximately \$37 million through a potential settlement with tax authorities that may result in a reduction of available tax pools.

Tax Years Still Under Examination

Canada	2006–2010
United States	2010
Peru	2007–2010
Chile ¹	2007–2010
Argentina	2004–2010
Australia	All years open
Papua New Guinea	2004–2010
Tanzania	All years open

1. In addition, operating loss carry forwards from earlier periods are still open for examination.

Peruvian Tax Assessment

On September 30, 2004, the Tax Court of Peru issued a decision in our favor in the matter of our appeal of a 2002 income tax assessment for an amount of \$32 million, excluding interest and penalties. The assessment mainly related to the validity of a revaluation of the Pierina mining concession, which affected its tax basis for the years 1999 and 2000. The full life-of-mine effect on current and deferred income tax liabilities totaling \$141 million was fully recorded at December 31, 2002, as well as other related costs of about \$21 million.

In January 2005, we received written confirmation that there would be no appeal of the September 30, 2004 Tax Court of Peru decision. In December 2004, we recorded a \$141 million reduction in current and deferred income tax liabilities and a \$21 million reduction in other accrued costs. The confirmation concluded the administrative and judicial appeals process with resolution in Barrick's favor.

Notwithstanding the favorable Tax Court decision we received in 2004 on the 1999 to 2000 revaluation matter, in an audit concluded in 2005, SUNAT has reassessed us on the same issue for tax years 2001 to 2003. On October 19, 2007, SUNAT confirmed their reassessment. The tax assessment is for \$53 million of tax, plus interest and penalties of \$209 million updated as of December 31, 2010. We filed an appeal to the Tax Court of Peru within the statutory period. We believe that the audit reassessment has no merit, that we will prevail in court again, and accordingly no liability has been recorded for this reassessment.

25 - Capital Stock

a) Common Shares

Our authorized capital stock includes an unlimited number of common shares (issued 998,499,673 common shares); 9,764,929 First preferred shares Series A (issued nil); 9,047,619 Series B (issued nil); and 14,726,854 Second preferred shares Series A (issued nil).

Common Share Offering

On September 23, 2009, we issued 109 million common shares of Barrick at a price of \$36.95 per share, for net proceeds of \$3,885 million.

In 2010, we declared and paid dividends in US dollars totaling \$0.44 per share (\$436 million) (2009: \$0.40 per share, \$369 million; 2008: \$0.40 per share, \$349 million).

b) Exchangeable Shares

In connection with a 1998 acquisition, Barrick Gold Inc. ("BGI") issued 11.1 million BGI exchangeable shares, which were each exchangeable for 0.53 of a Barrick common share at any time at the option of the holder, and had essentially the same voting, dividend (payable in Canadian dollars), and other rights as 0.53 of a Barrick common share. BGI is a subsidiary that holds our interest in the Hemlo and Eskay Creek Mines. We had the right to require the exchange of each outstanding BGI exchangeable share for 0.53 of a Barrick common share. In first quarter 2009, the remaining 0.5 million BGI exchangeable shares were redeemed for 0.3 million Barrick common shares.

26 ■ Other Comprehensive Income (Loss) (“OCI”)

	2010	2009	2008
Accumulated OCI at beginning of period			
Cash flow hedge gains, net of tax of \$81, \$89, \$105	\$ 195	\$ (124)	\$ 250
Investments, net of tax of \$3, \$nil, \$4	24	(2)	37
Currency translation adjustments, net of tax of \$nil, \$nil, \$nil	(141)	(197)	(143)
Pension plans and other post-retirement benefits, net of tax of \$14, \$19, \$2	(23)	(33)	7
	55	(356)	151
Other comprehensive income (loss) for the period:			
Changes in fair value of cash flow hedges	612	705	(301)
Changes in fair value of investments	69	34	(52)
Currency translation adjustments ¹	22	56	(54)
Pension plan and other post-retirement benefit adjustments (note 29):			
Net actuarial gain (loss)	(2)	15	(62)
Transition obligation (asset)	–	–	1
Less: reclassification adjustments for (gains) losses recorded in earnings:			
Transfers of cash flow hedge gains to earnings on recording hedged items in earnings	(104)	(216)	(267)
Investments:			
Other than temporary impairment charges	–	1	26
Gains realized on sale	(12)	(6)	(17)
Other comprehensive income (loss), before tax	585	589	(726)
Income tax recovery (expense) related to OCI	(109)	(178)	219
Other comprehensive income (loss), net of tax	\$ 476	\$ 411	\$ (507)
Accumulated OCI at December 31			
Cash flow hedge gains, net of tax of \$186, \$81, \$89	\$ 598	\$ 195	\$ (124)
Investment, net of tax of \$7, \$3, \$nil	77	24	(2)
Currency translation adjustments, net of tax of \$nil, \$nil, \$nil	(119)	(141)	(197)
Pension plans and other post-retirement benefits, net of tax of \$14, \$14, \$19	(25)	(23)	(33)
	\$ 531	\$ 55	\$ (356)

1. Represents currency translation adjustments for Barrick Energy.

27 ■ Non-controlling Interests

	Pueblo Viejo project	African Barrick Gold ¹	Cerro Casale ²	Other	Total
At January 1, 2008	\$ 60	\$ 17	\$ –	\$ 5	\$ 82
Share of net earnings (loss)	(26)	38	–	–	12
Cash contributed	120	(30)	–	–	90
Other increase in non-controlling interest	–	–	–	(2)	(2)
At December 31, 2008	154	25	–	3	182
Share of net earnings (loss)	1	5	–	–	6
Cash contributed	307	(8)	–	–	299
Other increase in non-controlling interest	–	–	–	(3)	(3)
At December 31, 2009	462	22	–	–	484
Share of net earnings (loss)	(3)	41	(15)	–	23
Cash contributed	101	–	13	–	114
Other increase in non-controlling interest	–	594	454	–	1,048
At December 31, 2010	\$ 560	\$ 657	\$ 452	\$ –	\$ 1,669

1. Represents non-controlling interest in ABG. The balance at January 1, 2010 includes the non-controlling interest of 30% in our Tulawaka mine.

2. Represents non-controlling interest in Cerro Casale. Refer to note 3f.

28 ■ Stock-based Compensation

a) Stock Options

Under Barrick's stock option plan, certain officers and key employees of the Corporation may purchase common shares at an exercise price that is equal to the closing share price on the day before the grant of the option. The grant date is the date when the details of the award, including the number of options granted by individual and the exercise price, are approved. Stock options vest evenly over four years, beginning in the year after granting. Options granted in July 2004 and prior are exercisable over 10 years, whereas options granted since December 2004 are exercisable over seven years. At December 31, 2010, 6.7 million (2009: 6.9 million; 2008: 7.4 million) common shares, in addition to those currently outstanding, were available for granting options. Stock options when exercised result in an increase to the number of common shares issued by Barrick.

Compensation expense for stock options was \$14 million in 2010 (2009: \$20 million; 2008: \$25 million), and is presented as a component of corporate administration and other expense, consistent with the classification of other elements of compensation expense for those employees who had stock options. In 2009, we recognized an additional \$7 million of stock option expense as a result of accelerating the vesting conditions of certain plan participants on their departure from the Company. The recognition of compensation expense for stock options reduced earnings per share for 2010 by \$0.01 per share (2009: \$0.03 per share; 2008: \$0.03 per share).

Total intrinsic value relating to options exercised in 2010 was \$96 million (2009: \$38 million; 2008: \$61 million).

Employee Stock Option Activity (Number of Shares in Millions)

	2010		2009		2008	
	Shares	Average price	Shares	Average price	Shares	Average price
C\$ options						
At January 1	3.3	\$ 27	4.8	\$ 27	7.1	\$ 27
Exercised	(1.9)	27	(1.4)	26	(2.1)	28
Forfeited	–	–	–	–	–	–
Cancelled/expired	–	–	(0.1)	23	(0.2)	28
At December 31	1.4	\$ 26	3.3	\$ 27	4.8	\$ 27
US\$ options						
At January 1	9.1	\$ 33	8.9	\$ 28	7	\$ 28
Granted	0.9	55	1.6	41	2.8	34
Exercised	(2.9)	28	(1.3)	24	(0.8)	24
Forfeited	(0.1)	38	(0.1)	35	(0.1)	31
Cancelled/expired	–	–	–	–	–	–
At December 31	7.0	\$ 38	9.1	\$ 33	8.9	\$ 28

Stock Options Outstanding (Number of Shares in Millions)

Range of exercise prices	Outstanding				Exercisable		
	Shares	Average price	Average life (years)	Intrinsic value ¹ (\$ millions)	Shares	Average price	Intrinsic value ¹ (\$ millions)
C\$ options							
\$ 22 – \$ 27	0.8	\$ 24	2	\$ 24	0.8	\$ 24	\$ 24
\$ 28 – \$ 31	0.6	29	3	15	0.6	29	15
	1.4	\$ 26	2	\$ 39	1.4	\$ 26	\$ 39
US\$ options							
\$ 9 – \$ 19	0.1	\$ 13	2	\$ 3	0.1	\$ 13	\$ 3
\$ 20 – \$ 27	1.9	26	3	53	1.4	25	40
\$ 28 – \$ 41	1.4	37	5	32	1.3	37	22
\$ 42 – \$ 55	3.6	46	6	21	0.8	43	9
	7.0	\$ 38	5	\$ 109	3.6	\$ 33	\$ 74

1. Based on the closing market share price on December 31, 2010 of C\$53.12 and US\$53.18.

Option Information

For the years ended December 31
(per share and per option amounts in dollars)

	2010	2009	2008
Valuation assumptions	Lattice^{1,2}	Lattice ^{1,2}	Lattice ^{1,2}
Expected term (years)	5.0–5.1	5.0–5.1	4.5–5.2
Expected volatility ²	33%–60%	35%–60%	30%–70%
Weighted average expected volatility ²	36%	51%	43%
Expected dividend yield	1%–1.13%	1%–1.1%	0.7%–1.5%
Risk-free interest rate ²	0.19%–2.88%	0.16%–3.44%	0.25%–5.1%
Options granted (in millions)	0.9	1.6	2.8
Weighted average fair value per option	\$ 16	\$ 13	\$ 12

1. Different assumptions were used for the multiple stock option grants during the year.

2. The volatility and risk-free interest rate assumption varied over the expected term of these stock option grants.

The expected volatility assumptions have been developed taking into consideration both historical and implied volatility of our US dollar share price. The risk-free rate for periods within the contractual life of the option is based on the US Treasury yield curve in effect at the time of the grant.

We use the straight-line method for attributing stock option expense over the vesting period. Stock option expense incorporates an expected forfeiture rate. The expected forfeiture rate is estimated based on historical forfeiture rates and expectations of future forfeiture rates. We make adjustments if the actual forfeiture rate differs from the expected rate.

The expected term assumption is derived from the option valuation model and is in part based on historical data regarding the exercise behavior of option holders based on multiple share-price paths. The Lattice model also takes into consideration employee turnover and voluntary exercise patterns of option holders.

As at December 31, 2010, there was \$37 million (2009: \$58 million; 2008: \$42 million) of total unrecognized compensation cost relating to unvested stock options. We expect to recognize this cost over a weighted average period of 2 years (2009: 2 years; 2008: 2 years).

b) Restricted Share Units (RSUs) and Deferred Share Units (DSUs)

Under our RSU plan, selected employees are granted RSUs where each RSU has a value equal to one Barrick common share. RSUs vest at the end of a two-and-a-half or three-year period and are settled in cash on the third anniversary of the grant date. Additional RSUs are credited to reflect dividends paid on Barrick common shares over the vesting period.

A liability for RSUs is recorded at fair value on the grant date, with a corresponding amount recorded as a deferred compensation asset that is amortized on a straight-line basis over the vesting period. Changes in the fair value of the RSU liability

are recorded each period, with a corresponding adjustment to the deferred compensation asset.

Compensation expense for RSUs incorporates an expected forfeiture rate. The expected forfeiture rate is estimated based on historical forfeiture rates and expectations of future forfeiture rates. We make adjustments if the actual forfeiture rate differs from the expected rate. At December 31, 2010, the weighted average remaining contractual life of RSUs was 1.22 years.

Compensation expense for RSUs was \$48 million in 2010 (2009: \$40 million; 2008: \$33 million) and is presented as a component of corporate administration and other expense, consistent with the classification of other elements of compensation expense for those employees who had RSUs. As at December 31, 2010 there was \$83 million of total unamortized compensation cost relating to unvested RSUs (2009: \$74 million; 2008: \$84 million).

Under our DSU plan, Directors must receive a specified portion of their basic annual retainer in the form of DSUs, with the option to elect to receive 100% of such retainer in DSUs. Each DSU has the same value as one Barrick common share. DSUs must be retained until the Director leaves the Board, at which time the cash value of the DSUs will be paid out. Additional DSUs are credited to reflect dividends paid on Barrick common shares. DSUs are recorded at fair value on the grant date and are adjusted for changes in fair value. The fair value of amounts granted each period together with changes in fair value are expensed.

DSU and RSU Activity

	DSUs (thousands)	Fair value (\$ millions)	RSUs (thousands)	Fair value (\$ millions)
At January 1, 2008	100	\$ 4	2,383	\$ 100
Settled for cash	(4)	(0.1)	(348)	(10.3)
Forfeited	–	–	(262)	(10.6)
Granted	34	1.2	1,493	42
Credits for dividends	–	–	20	0.7
Change in value	–	(0.5)	–	(1.7)
At December 31, 2008	130	\$ 5	3,286	\$ 120
Settled for cash	–	–	(897)	(35.7)
Forfeited	–	–	(279)	(11.1)
Granted	37	1.2	1,013	42.1
Credits for dividends	–	–	27	1
Change in value	–	0.7	–	7.4
At December 31, 2009	167	\$ 7	3,150	\$ 124
Settled for cash	(20)	(0.6)	(824)	(42.8)
Forfeited	–	–	(326)	(17.0)
Granted	33	1.5	918	49.3
Credits for dividends	–	–	30	1.3
Change in value	–	1.9	–	37.9
At December 31, 2010	180	\$ 9	2,948	\$ 153

c) Performance Restricted Share Units (PRSUs)

In 2008, Barrick launched a PRSU plan. Under this plan, selected employees are granted PRSUs, where each PRSU has a value equal to one Barrick common share. PRSUs vest at the end of a three-year period and are settled in cash on the third anniversary of the grant date. Additional PRSUs are credited to reflect dividends paid on Barrick common shares over the vesting period. Vesting, and therefore, the liability is based on the achievement of performance goals and the target settlement will range from 0% to 200% of the value. At December 31, 2010, 335 thousand units were outstanding (2009: 250 thousand units).

d) Employee Share Purchase Plan (ESPP)

In 2008, Barrick launched an Employee Share Purchase Plan. This plan enables Barrick employees to purchase Company shares through payroll deduction. Each year, employees may contribute 1%–6% of their combined base salary and annual bonus, and Barrick will match 50% of the contribution, up to a maximum of \$5,000 per year. During 2010, Barrick contributed \$0.6 million to this plan (2009: \$0.8 million).

e) ABG Stock Options

African Barrick Gold has a stock option plan for its directors and selected employees. The exercise price of the granted options is determined by the ABG Remuneration Committee before the grant of an option provided that this price cannot be less than the average of the middle-market quotation of ABG's shares (as derived from the London Stock Exchange Daily Official List) for the three dealing days immediately preceding the date of grant. All options outstanding at the end of the year expire in 2017. None of the ABG options granted were exercisable at December 31, 2010. Stock option expense of \$1 million (2009: \$nil; 2008: \$nil) is included as a component of other expense.

29 - Post-retirement Benefits

a) Defined Contribution Pension Plans

Certain employees take part in defined contribution employee benefit plans. We also have a retirement plan for certain officers of the Company, under which we contribute 15% of the officer's annual salary and bonus. Our share of contributions to these plans, which is expensed in the year it is earned by the employee, was \$56 million in 2010, \$50 million in 2009 and \$47 million in 2008.

b) Defined Benefit Pension Plans

We have qualified defined benefit pension plans that cover certain of our United States and Canadian employees and provide benefits based on employees' years of service. Our policy is to fund the amounts necessary on an actuarial basis to provide enough assets to meet the benefits payable to plan members. Independent trustees administer assets of the plans, which are invested mainly in fixed income and equity securities. In 2009, two of our qualified defined benefit plans in Canada were wound up. No curtailment gain or loss resulted and the obligations of the plans were settled in 2009. In 2007, one of our qualified defined benefit plans in Canada was wound up. No curtailment gain or loss resulted and the obligations of the plans were settled in 2009.

As well as the qualified plans, we have non-qualified defined benefit pension plans covering certain employees and former directors of the Company. An irrevocable trust ("rabbi trust") was set up to fund these plans. The fair value of assets held in this trust was \$nil in 2010 (2009: \$6 million).

Actuarial gains and losses arise when the actual return on plan assets differs from the expected return on plan assets for a period, or when the expected and actuarial accrued benefit obligations differ at the end of the year. We amortize actuarial gains and losses over the average remaining life expectancy of plan participants, in excess of a 10% corridor.

Pension Expense (Credit)

For the years ended December 31	2010	2009	2008
Expected return on plan assets	\$ (14)	\$ (14)	\$ (19)
Service cost	–	–	–
Interest cost	17	19	21
Actuarial losses	2	2	1
	\$ 5	\$ 7	\$ 3

c) Pension Plan Information

Fair Value of Plan Assets

For the years ended December 31	2010	2009	2008
Balance at January 1	\$ 215	\$ 237	\$ 293
Increase for plans assumed on acquisitions ¹	–	8	9
Actual return on plan assets	25	36	(41)
Company contributions	12	9	12
Settlements	–	(24)	–
Benefits paid	(25)	(52)	(33)
Foreign currency adjustments	–	1	(3)
Balance at December 31	\$ 227	\$ 215	\$ 237

1. In 2009, represents plan acquired on acquisition of additional 50% in Hemlo. In 2008, represents plan acquired on acquisition of additional 40% in Cortez.

At December 31	2010		2010
	Target ¹	Actual	Actual
Composition of plan assets ²			
Equity securities	54%	54%	\$ 122
Fixed income securities	46%	46%	105
	100%	100%	\$ 227

1. Based on the weighted average target for all defined benefit plans
2. Holdings in Equity and Fixed income securities consist of Level 1 and Level 2 assets within the fair value hierarchy.

Projected Benefit Obligation (PBO)

For the years ended December 31	2010	2009
Balance at January 1	\$ 321	\$ 357
Increase for plans assumed on acquisitions	–	6
Amendments	1	–
Service cost	–	–
Interest cost	17	19
Actuarial losses	20	6
Benefits paid	(25)	(52)
Foreign currency adjustments	2	8
Settlements	–	(23)
Balance at December 31	\$ 336	\$ 321
Funded status ¹	\$ (109)	\$ (106)
ABO ²	\$ 335	\$ 321

1. Represents the fair value of plan assets less projected benefit obligations.
2. Represents the accumulated benefit obligation ("ABO") for all plans. The ABO for plans where the PBO exceeds the fair value of plan assets was \$326 million (2009: \$314 million). Based on actuarial reports at December 31, 2010, our funding requirements for 2011 are \$nil.

Pension Plan Assets/Liabilities

For the years ended December 31	2010	2009
Non-current assets	\$ 2	\$ 3
Current liabilities	(8)	(13)
Non-current liabilities	(103)	(96)
Other comprehensive loss	43	34
	\$ (66)	\$ (72)

The projected benefit obligation and fair value of plan assets for pension plans with a projected benefit obligation in excess of plan assets at December 31, 2010 and 2009 were as follows:

For the years ended December 31	2010	2009
Projected benefit obligation, end of year	\$ 328	\$ 314
Fair value of plan assets, end of year	\$ 217	\$ 206

The projected benefit obligation and fair value of plan assets for pension plans with an accumulated benefit obligation in excess of plan assets at December 31, 2010 and 2009 were as follows:

For the years ended December 31	2010	2009
Projected benefit obligation, end of year	\$ 328	\$ 314
Accumulated benefit obligation, end of year	\$ 326	\$ 314
Fair value of plan assets, end of year	\$ 217	\$ 206

Expected Future Benefit Payments

For the years ending December 31	
2011	\$ 24
2012	23
2013	31
2014	23
2015	23
2016 – 2020	\$ 114

d) Actuarial Assumptions

For the years ended December 31	2010	2009	2008
Discount rate ¹			
Benefit obligation	4.95%–5.77%	5.55–6.87%	4.50–6.25%
Pension cost	4.82%–6.87%	6.00–6.25%	4.50–6.25%
Return on plan assets ¹	4.50%–7.00%	4.50–7.00%	3.75–7.00%
Wage increases	5.00%	5.00%	3.50–5.00%

1. Effect of a one-percent change: Discount rate: \$32 million increase in ABO and \$1.5 million decrease in pension cost; Return on plan assets: \$2 million decrease in pension cost.

Pension plan assets, which consist primarily of fixed-income and equity securities, are valued using current market quotations. Plan obligations and the annual pension expense are determined on an actuarial basis and are affected by numerous assumptions and estimates including the market value of plan assets, estimates of the expected return on plan assets, discount rates, future wage increases and other assumptions. The discount rate, assumed rate of return on plan assets and wage increases are the assumptions that generally have the most significant impact on our pension cost and obligation.

The discount rate used to calculate the benefit obligation and pension cost is the rate at which the pension obligation could be effectively settled. This rate was developed by matching the cash flows underlying the pension obligation with a spot rate curve based on the actual returns available on high-grade (Moody's Aa) US corporate bonds. Bonds included in this analysis were restricted to those with a minimum outstanding balance of \$50 million. Only non-callable bonds, or bonds with a make-whole provision, were included. Finally, outlying bonds (highest and lowest 10%) were discarded as being non-representative and likely to be subject to a change in investment grade. The procedure was applied separately for pension and post-retirement plan purposes, and produced the same rate in each case.

The assumed rate of return on assets for pension cost purposes is the weighted average of expected long-term asset return assumptions. In estimating the long-term rate of return for plan assets, historical markets are studied and long-term historical returns on equities and fixed-income investments reflect the widely accepted capital market principle that assets with higher volatility generate a greater return over the long run. Current market factors such as inflation and interest rates are evaluated before long-term capital market assumptions are finalized.

Wage increases reflect the best estimate of merit increases to be provided, consistent with assumed inflation rates.

e) Other Post-retirement Benefits

We provide post-retirement medical, dental, and life insurance benefits to certain employees. We use the corridor approach in the accounting for post-retirement benefits. Actuarial gains and losses resulting from variances between actual results and economic estimates or actuarial assumptions are deferred and amortized over the average remaining life expectancy of participants when the net gains or losses exceed 10% of the accumulated post-retirement benefit obligation.

Other Post-retirement Benefits Expense

For the years ended December 31	2010	2009	2008
Interest cost	\$ 1	\$ 2	\$ 2

Fair Value of Plan Assets

For the years ended December 31	2010	2009	2008
Balance at January 1	\$ –	\$ –	\$ –
Contributions	2	1	2
Benefits paid	(2)	(1)	(2)
Balance at December 31	\$ –	\$ –	\$ –

Accumulated Post-retirement Benefit Obligation (APBO)

For the years ended December 31	2010	2009	2008
Balance at January 1	\$ 29	\$ 32	\$ 30
Interest cost	1	2	2
Actuarial (gains) losses	(1)	(3)	2
Benefits paid	(2)	(2)	(2)
Balance at December 31	\$ 27	\$ 29	\$ 32
Funded status	(27)	(29)	(32)
Unrecognized net transition obligation	n/a	n/a	n/a
Unrecognized actuarial losses	n/a	n/a	n/a
Net benefit liability recorded	n/a	n/a	n/a

Other Post-retirement Liabilities

For the years ended December 31	2010	2009
Current liability	\$ 2	\$ 3
Non-current liability	25	26
	\$ 27	\$ 29

Amounts recognized in accumulated other comprehensive income consist of:¹

For the years ended December 31	2010	2009
Net actuarial loss (gain)	\$ (4)	\$ (4)
Transition obligation (asset)	–	1
	\$ (4)	\$ (3)

1. The estimated amounts that will be amortized into net periodic benefit cost in 2011.

We have assumed a health care cost trend of 8% in 2011, decreasing ratably to 4.75% in 2019 and thereafter. The assumed health care cost trend had a minimal effect on the amounts reported. A one percentage point change in the assumed health care cost trend rate at December 31, 2010 would have had no significant effect on the post-retirement obligation and would have had no significant effect on the benefit expense for 2010.

Expected Future Benefit Payments

For the years ending December 31	
2011	\$ 2
2012	2
2013	3
2014	3
2015	2
2016 – 2020	\$ 5

30 ■ Litigation and Claims

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. In assessing loss contingencies related to legal proceedings that are pending against us or unasserted claims that may result in such proceedings, the Company and its legal counsel evaluate the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought.

If the assessment of a contingency suggests that a loss is probable, and the amount can be reliably estimated, then a loss is recorded. When a contingent loss is not probable but is reasonably possible, or is probable but the amount of loss cannot be reliably estimated, then details of the contingent loss are disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case we disclose the nature of the guarantee. Legal fees incurred in connection with pending legal proceedings are expensed as incurred.

Cortez Hills Complaint

On November 12, 2008, the United States Bureau of Land Management issued a Record of Decision approving the Cortez Hills Expansion Project. On November 20, 2008, the TeMoak Shoshone Tribe, the East Fork Band Council of the TeMoak Shoshone Tribe and the Timbisha Shoshone Tribe, the Western Shoshone Defense Project, and Great Basin Resource Watch filed a lawsuit against the United States seeking to enjoin the majority of the activities comprising the Project on grounds that it violated the Western Shoshone rights under the Religious Freedom Restoration Act (“RFRA”), that it violated the Federal Land Policy and Management Act’s (“FLPMA”) prohibition on “unnecessary and undue degradation,” and that the Project’s Environment Impact Statement (“EIS”) did not meet the requirements of the National Environmental Policy Act (“NEPA”). The Plaintiffs subsequently dismissed their RFRA claim, with prejudice, conceding that it was without merit, in light of a decision in another case.

On November 24, 2008, the Plaintiffs filed a Motion for a Temporary Restraining Order and a Preliminary Injunction barring work on the Project until after a trial on the merits. In January 2009, the Court denied the Plaintiffs’ Motion for a Preliminary Injunction, concluding that the Plaintiffs had failed to demonstrate a likelihood of success on the merits and that the Plaintiffs had otherwise failed to satisfy the necessary elements for a preliminary injunction. The Plaintiffs appealed that decision to the United States Court of Appeals for the

Ninth Circuit. In December 2009, the Ninth Circuit issued an opinion in which it held that the Plaintiffs had failed to show that they were likely to succeed on the merits of their FLPMA claims, and thus were not entitled to an injunction based on those claims. The Ninth Circuit, however, held that Plaintiffs were likely to succeed on two of their NEPA claims and ordered that a supplemental EIS be prepared by Barrick that specifically provided more information on (i) the effectiveness of proposed mitigation measures for seeps and springs that might be affected by groundwater pumping, and (ii) the air quality impact of the shipment of refractory ore to Goldstrike for processing and that additional air quality modeling for fine particulate matter using updated EPA procedures should be performed and included in the supplemental EIS. The Ninth Circuit decision directed the District Court to enter an injunction consistent with the decision. In April 2010, the District Court granted Barrick’s motion seeking a tailored preliminary injunction, which allows mining operations to continue while the supplemental EIS is being completed.

In August 2010, the District Court issued an order granting summary judgment for Cortez except, generally for those issues covered by the supplemental EIS, on which it reserved ruling until the completion of that document. The final supplemental EIS was published on January 14, 2011. BLM’s record of decision on the final supplemental EIS is expected sometime after February 14, 2011.

Marinduque Complaint

Placer Dome Inc. was named the sole defendant in a Complaint filed in October 2005, by the Provincial Government of Marinduque, an island province of the Philippines (“Province”), with the District Court in Clark County, Nevada. The Complaint asserted that Placer Dome Inc. was responsible for alleged environmental degradation with consequent economic damages and impacts to the environment in the vicinity of the Marcopper mine that was owned and operated by Marcopper Mining Corporation (“Marcopper”). Placer Dome Inc. indirectly owned a minority shareholding of 39.9% in Marcopper until the divestiture of its shareholding in 1997. The Province sought “to recover damages for injuries to the natural, ecological and wildlife resources within its territory”. In addition, the Province sought compensation for the costs of restoring the environment, an order directing Placer Dome Inc. to undertake and complete “the remediation, environmental cleanup, and balancing of the ecology of the affected areas,” and payment of the costs of environmental monitoring. The Complaint addressed the discharge of mine tailings into Calancan Bay, the

1993 Maguila-guila dam breach, the 1996 Boac river tailings spill, and alleged past and continuing damage from acid rock drainage.

The action was removed to the U.S. District Court for the District of Nevada on motion of Placer Dome Inc. After the amalgamation of Placer Dome Inc. and the Company, the Court granted the Province's motion to join the Company as an additional named Defendant. In June 2007, the Court issued an order granting the Company's motion to dismiss on grounds of *forum non conveniens* (improper choice of forum). In September 2009, the U.S. Court of Appeals for the Ninth Circuit reversed the decision of the District Court on the ground that the U.S. District Court lacked subject matter jurisdiction over the case and removal from the Nevada state court was improper.

In April 2010, the Company filed a motion to dismiss the claims in the Nevada state court on the grounds of *forum non conveniens* and on October 12, 2010, the court issued an order granting the Company's motion to dismiss the action. On February 11, 2011, the Court issued its written reasons for the dismissal order and the Province now has 30 days in which to determine whether or not to appeal the order.

No amounts have been accrued for any potential loss under this complaint.

Calancan Bay (Philippines) Complaint

In July 2004, a complaint was filed against Marcopper and Placer Dome Inc. in the Regional Trial Court of Boac, on the Philippine island of Marinduque, on behalf of a putative class of fishermen who reside in the communities around Calancan Bay, in northern Marinduque. The complaint alleges injuries to health and economic damages to the local fisheries resulting from the disposal of mine tailings from the Marcopper mine. The total amount of damages claimed is approximately US\$1 billion.

In October 2006, the court granted the plaintiffs' application for indigent status, allowing the case to proceed without payment of filing fees. In March 2008, an attempt was made to serve Placer Dome Inc. by serving the summons and complaint on Placer Dome Technical Services (Philippines) Inc. ("PDTS"). PDTS has returned the summons and complaint stating that PDTS is not an agent of Placer Dome Inc. for any purpose and is not authorized to accept service or to take any other action on behalf of Placer Dome Inc. In April 2008, Placer Dome Inc. made a special appearance by counsel to move to dismiss the complaint for lack of personal jurisdiction and on other grounds. The plaintiffs have opposed the motion to dismiss. The motion has been briefed and is currently pending.

In October 2008, the plaintiffs filed a motion challenging Placer Dome Inc.'s legal capacity to participate in the proceedings in light of its alleged "acquisition" by the Company.

Placer Dome Inc. opposed this motion. The motion has been briefed and is currently pending.

The Company intends to defend the action vigorously. No amounts have been accrued for any potential loss under this complaint.

Perilla Complaint

In August 2009, Barrick Gold Inc. was purportedly served in Ontario with a complaint filed in November 2008 in the Regional Trial Court of Boac, on the Philippine island of Marinduque, on behalf of two named individuals and purportedly on behalf of the approximately 200,000 residents of Marinduque. In December 2009, the complaint was also purportedly served in Ontario in the name of Placer Dome Inc. The complaint alleges injury to the economy and the ecology of Marinduque as a result of the discharge of mine tailings from the Marcopper mine into the Calancan Bay, the Boac River, and the Mogpog River. The plaintiffs are claiming for abatement of a public nuisance allegedly caused by the tailings discharge and for nominal damages for an alleged violation of their constitutional right to a balanced and healthful ecology. Barrick Gold Inc. has moved to dismiss the complaint on a variety of grounds, which motion is now pending a decision of the Court following the failure of plaintiffs' counsel to appear at the hearing in February 2010 or to timely file any comment or opposition to the motion. Motions to dismiss the complaint on a variety of grounds have also been filed in the name of Placer Dome Inc. In May 2010, the plaintiffs filed a motion for an order to admit an amended complaint in which they are seeking additional remedies including temporary and permanent environmental protection orders. In June 2010, Barrick Gold Inc. and Placer Dome Inc. filed a motion to have the Court resolve their unresolved motions to dismiss before considering the plaintiffs' motion to admit the amended complaint. An opposition to the plaintiffs' motion to admit was also filed by Barrick Gold Inc. and Placer Dome Inc. on the same basis. This motion is now fully briefed and awaiting determination by the Court. It is not known when these motions or the outstanding motions to dismiss will be decided by the Court. The Company intends to defend the action vigorously. No amounts have been accrued for any potential loss under this complaint.

Pakistani Constitutional Litigation

In November 2006, a Constitutional Petition was filed in the High Court of Balochistan by three Pakistani citizens against: Barrick, the governments of Balochistan and Pakistan, the Balochistan Development Authority ("BDA"), Tethyan Copper Company ("TCC"), Antofagasta Plc ("Antofagasta"), Muslim Lakhani and BHP (Pakistan) Pvt Limited ("BHP").

The Petition alleged, among other things, that the entry by the BDA into the 1993 Joint Venture Agreement (“JVA”) with BHP to facilitate the exploration of the Reko Diq area and the grant of related exploration licenses were illegal and that the subsequent transfer of the interests of BHP in the JVA and the licenses to TCC was also illegal and should therefore be set aside. Barrick currently indirectly holds 50% of the shares of TCC, with Antofagasta indirectly holding the other 50%.

In June 2007, the High Court of Balochistan dismissed the Petition against Barrick and the other respondents in its entirety. In August 2007, the petitioners filed a Civil Petition for Leave to Appeal in the Supreme Court of Pakistan. In late 2010, the Supreme Court of Pakistan began hearing this matter, together with several other related petitions filed against TCC or its related parties. The related petitions primarily relate to whether it is in the public interest for TCC to receive a mining lease. On February 3, 2011, the Supreme Court issued an interim order providing, among other things, that the Government of Balochistan may not take any decision in respect of the grant or otherwise of a mining lease to TCC until matters before the Supreme Court are decided. As of February 16, 2011, no decision has been reached by the Supreme Court. Barrick and TCC continue to defend these actions vigorously. No amounts have been accrued for any potential loss under these complaints.

Pueblo Viejo

In April, 2010, Pueblo Viejo Dominicana Corporation (“PVDC”) received a copy of an action filed in the Dominican Republic by Fundacion Amigo de Maimon Inc., Fundacion Miguel L. de Pena Garcia Inc., and a number of individuals. The action alleges a variety of matters couched as violations of fundamental rights, including taking of private property, violations of mining and environmental and other laws, slavery, human trafficking, and bribery of government officials. The complaint does not describe the relief sought, but the action is styled as an “Amparo” remedy, which typically includes some form of injunctive relief. PVDC intends to vigorously defend the action.

Argentine Glacier Legislation

On September 30, 2010, the *National Law on Minimum Requirements for the Protection of Glaciers* was enacted in Argentina, and came into force in early November 2010. The federal law bans new mining exploration and exploitation activities on glaciers and in the “peri-glacial” environment, and subjects ongoing mining activities to an environmental audit. If such audit identifies significant impacts on glaciers and peri-glacial environment, the relevant authority is empowered to take action, which according to the legislation could include the suspension or relocation of the activity. In the case of the Veladero mine and the Pascua-Lama project, the competent authority is the Province of San Juan. The Province of San Juan had previously adopted glacier protection legislation, with which Veladero and Pascua-Lama comply.

In November 2010, in response to legal actions brought against the National State by local unions and San Juan based mining and construction chambers, as well as by Barrick’s subsidiaries, Barrick Exploraciones Argentina S.A. and Minera Argentina Gold S.A., which own the Veladero mine and the Argentine portion of the Pascua-Lama project, respectively, the Federal Court in the Province of San Juan, granted injunctions, based on the unconstitutionality of the federal law, suspending its application in the Province and, in particular to Veladero and Pascua-Lama. In December 2010, the Province of San Juan became a party to the actions, joining the challenge to the constitutionality of the new federal legislation. As a result of the intervention of the Province, the actions have been removed to the National Supreme Court of Justice of Argentina to determine the constitutionality of the legislation.