

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL AND OPERATING RESULTS

## OVERVIEW OF 2000

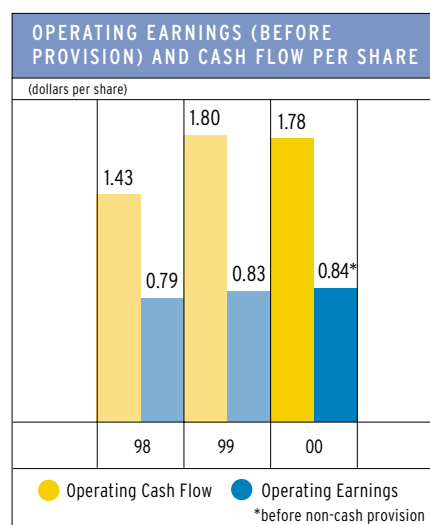
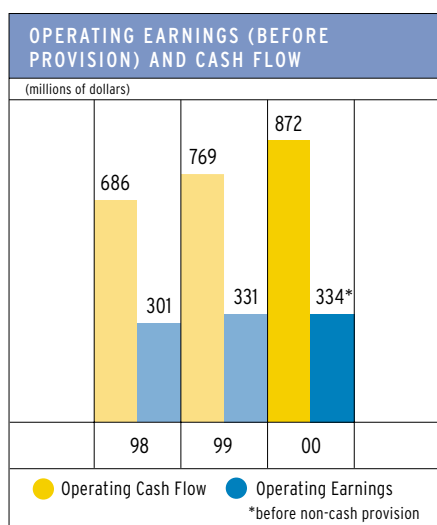
Barrick's operating earnings in 2000 increased to \$334 million, or 84 cents per share (before a non-cash provision of \$1.1 billion), from \$331 million, or 83 cents per share, in 1999. Operating cash flow increased to \$872 million, or \$2.20 per share, compared to \$769 million, or \$1.94 per share recorded in 1999. The Company's operating assets generated \$530 million in free cash flow (see footnote 1 below) compared to \$380 million in 1999. The year 2000 marks the fourth consecutive year the Company has increased operating earnings and operating cash flow in an environment of declining gold prices.

Over the past four years, the price of gold has declined by more than \$100 per ounce and 2000 was the third consecutive year that gold prices averaged

less than \$300 per ounce. As a result, management undertook a comprehensive review of both the asset values carried on its books - primarily those assets acquired prior to 1997 with higher-valued shares when gold prices averaged nearly \$400 per ounce - and gold mineral reserves. Based on this review, the Company adjusted the book value of certain assets with a \$1.1 billion (after tax) non-cash provision to reflect the lower gold price environment (see table on page 2). Of this total, 75% relates to non-operating assets. The provision largely represents the premium over book value recorded on acquisitions in 1994 and 1996. This provision has no impact on cash flows, mineral reserves, production profiles or employees. As a result of the provision, the Company recorded a loss of \$766 million or \$1.93 per share for the year.

### Footnote 1.

The Company has included free cash flow and cash costs per ounce data because it understands that certain investors use this information to determine the Company's ability to generate cash flow for use in investing and other activities. Management believes that conventional measures of performance prepared in accordance with generally accepted accounting principles ("GAAP") do not fully illustrate the ability of the operating mines to generate cash flow. The measures are furnished to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The measures are not necessarily indicative of operating profit or cash flow from operations as determined under GAAP. See footnotes on pages 3 and 17 for the methodology used in calculating these measures.

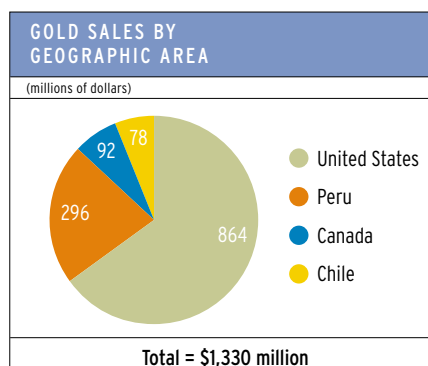
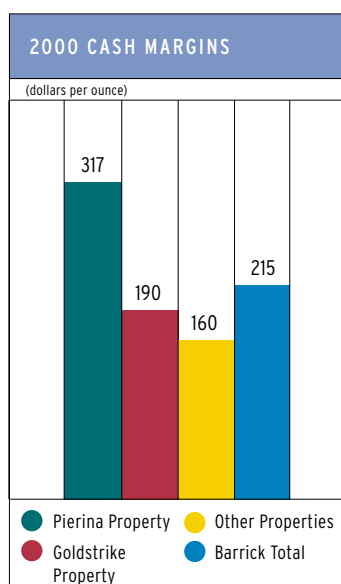


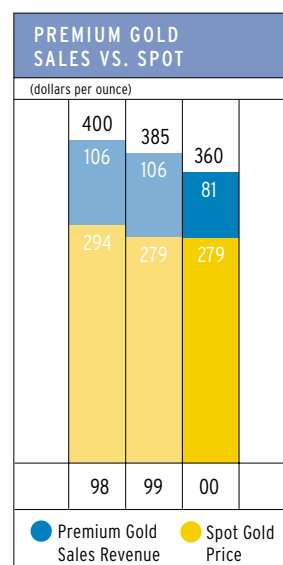
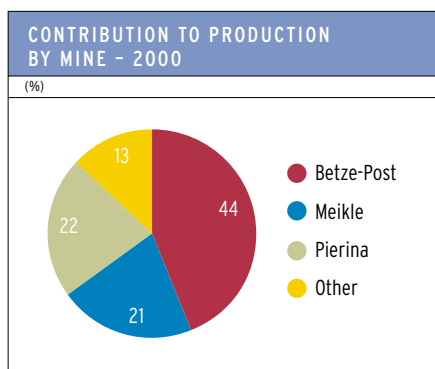
## COMPONENTS OF NON-CASH PROVISION AND ADJUSTED CARRYING VALUES

| (millions of dollars)<br>Asset | Remaining Carrying Value | Provision (After Tax) | Explanation  |
|--------------------------------|--------------------------|-----------------------|--|
| Pascua-Lama                    | \$ 350                   | \$ 790                | • Premium over book value recorded on Lac acquisition in 1994 for Pascua-Lama and the El Indio Belt, when gold price was \$390/oz. |
| Pierina                        | 753                      | 132                   | • Premium over book value assigned to the property in the 1996 Arequipa acquisition, when gold was \$375/oz.                       |
| Goldstrike                     | 1,673                    | 107                   | • Adjusted carrying value of low-grade stockpiles and royalty acquired in the 1994 Lac acquisition.                                |
| Other                          | 82                       | 71                    | • Consists of the amount allocated to Bousquet, acquired in 1994 when gold was \$390/oz, and certain exploration properties.       |
| Total                          |                          | \$ 1,100              |  |

In 2000, Barrick's low-cost production, combined with the \$81 premium over spot gold prices earned through the Company's Premium Gold Sales Program, resulted in cash margins of \$215 per ounce. This gives Barrick 13 consecutive years of cash margins in the \$200 per ounce range. The combination of high cash margins and record production led to the Company's highest operating earnings, operating cash flow and free cash flow from operating assets. The Company

expects to continue to generate strong earnings, operating cash flow and free cash flow in 2001. However, they will be lower than in 2000 because of the re-designation of certain 2001 hedging contracts, reducing the Company's realized price by \$20 per ounce. Barrick's financial performance in 2001 will benefit from the addition of the Bulyanhulu Mine (Tanzania) and the Rodeo deposit on the Goldstrike Property (Nevada), both of which are scheduled to come into production in 2001. Both of these assets are expected to make more significant contributions to production, earnings and cash flow in the future as they ramp up to full production over the next few years. As well, the Company will continue to focus on lowering





unit costs at all its operations while exploring around these operations for additional mineral reserves.

| OPERATING PROPERTIES FINANCIALS             |        |        |        |
|---|--------|--------|--------|
|   | 99     | 00     | 01E    |
| <b>Gold production - ounces</b> (thousands) | 3,660  | 3,744  | 3,831  |
| <b>Gold sales per ounce</b>                 | \$ 385 | \$ 360 | \$ 340 |
| <b>Production costs per ounce</b>           |        |        |        |
| Direct mining costs                         | \$ 153 | \$ 124 | \$ 148 |
| Applied (deferred stripping)                | (18)   | 22     | 13     |
| By-product credits                          | (11)   | (10)   | (13)   |
| <b>Cash operating costs per ounce</b>       | 124    | 136    | 148    |
| Royalties                                   | 7      | 8      | 7      |
| Production taxes                            | 3      | 1      | 1      |
| <b>Total cash costs per ounce</b> (2)       | 134    | 145    | 156    |
| Amortization                                | 104    | 88     | 81     |
| Reclamation                                 | 6      | 4      | 5      |
| <b>Total production costs per ounce</b>     | 244    | 237    | 242    |
| Amortization - acquisition costs            | (39)   | (33)   | (29)   |
| <b>Total production costs - net</b>         | \$ 205 | \$ 204 | \$ 213 |
| <b>Cash margin per ounce</b>                | \$ 251 | \$ 215 | \$ 184 |

### Gold Sales

Barrick's Premium Gold Sales Program is a management tool designed to maximize revenue and minimize gold price risk over time in order to provide more predictable earnings and cash flow.

For 2000, this program contributed \$300 million (\$391 million in 1999) in additional revenue with a realized gold price of \$360 per ounce, a premium of \$81 over the \$279 average spot price of gold for 2000. Over the past three years, Barrick has realized an average premium of \$97 per ounce above the average spot price, generating an additional \$1.0 billion in revenue. To the end of 2000, Barrick recorded 13 years of earning a premium to the spot gold price. The Company earned an average premium of \$66 per ounce over that time period, for a total of \$1.8 billion. At the close of 2000, the Company increased its position by 10% to 14.9 million ounces of gold in its Premium Gold Sales Program, representing 25% of its mineral reserves.

The Company re-designated certain 2001 spot

#### Footnote 2

Total Cash Costs per ounce data is calculated in accordance with The Gold Institute Production Cost Standard (the "Standard"). The Gold Institute is a worldwide association of suppliers of gold and gold products and includes leading North American gold producers. Adoption of the Standard is voluntary, and the data presented may not be comparable to data presented by other gold producers. Cash costs per ounce are derived from amounts included in the audited Statements of Income and include mine site operating costs such as mining, processing, administration, royalties and production taxes, but exclude amortization, reclamation costs, financing costs, capital, development and exploration costs. These costs are then divided by ounces sold to arrive at the total cash costs per ounce. In 2000, total cash operating costs per ounce of \$145 (1999 - \$134 per ounce) represent operating costs of \$550 million (1999 - \$516 million) less reclamation costs of \$13 million (1999 - \$21 million), divided by 3.7 million ounces sold (1999 - 3.7 million ounces).

deferred contracts in the program to future years. With these adjustments, Barrick expects to receive a minimum realized gold price of \$340 per ounce for 100% of its expected production in 2001 and 2002, and an average of \$360 per ounce for the remaining 7.3 million ounces in the program designated beyond 2002. The \$20 per ounce reduction in the 2001 realized price does not represent a loss of value, but a deferral to future years of benefits that were expected to be derived in 2001.

If gold prices increase above the Company's minimum floor price, the Company would have the option to sell all of its gold at the higher spot price and defer delivery against the contracts. (Barrick's Premium Gold Sales Program is described on page 20 of the Annual Report)

Revenue from the sale of by-products such as silver and copper are credited against operating costs. These amounts reduced the reportable cash cost per ounce by \$10 million in 2000 (1999 - \$11 million, 1998 -13 million).

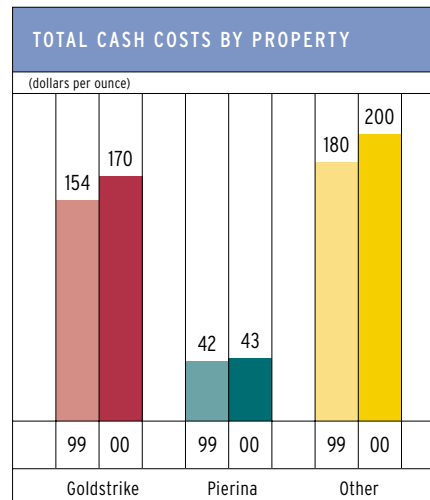
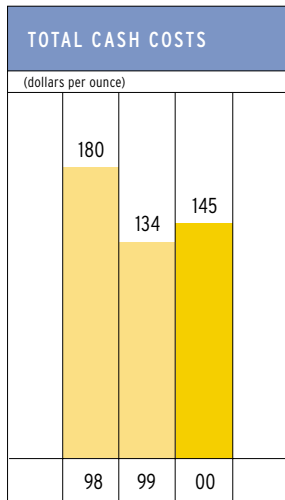
## REVIEW OF OPERATIONS

**T**he Company has operating mines and development projects in the United States, Peru, Tanzania, Canada, Chile and Argentina. The Bulyanhulu Mine (Tanzania) is scheduled to begin production in the second quarter of 2001, followed in the fourth quarter by start-up at Rodeo on the Goldstrike Property (Nevada).

### Production and Operating Costs

Operating costs were \$550 million in 2000 compared to \$516 million for 1999. On a per ounce basis, cash costs for 2000 were in line with plan at \$145 per ounce compared to \$134 in 1999. Cash costs increased primarily because of higher costs at the Goldstrike Property. Barrick reduced costs by a third over the last four years as total cash costs per ounce decreased by 33% from \$217 in 1996 to \$145 in 2000. Total cash cost per ounce were reduced to \$206 in 1997, \$180 in 1998, \$134 in 1999 and \$145 in 2000. Based on the 1996 costs of \$217 per ounce, this translated into a reduction in gross operating costs, net of increases in operating costs attributed to higher production, of \$36 million, \$96 million, \$175 million and \$141 million

respectively. The reduction is due to productivity improvements and the Operating Plan Barrick announced in September 1997. Productivity improvements are demonstrated by the reduction in unit costs at each property over the four-year period. For example, mining costs at Betze-Post declined to \$1.02 per ton in 2000 from \$1.18 per ton in 1996. The Plan, which was developed in response to the weak gold market, provided for a focus on Barrick's core properties and phasing out higher cost mines. The Plan called for a decline in cash costs to \$150 per ounce and an increase in production to 3.5 million ounces by 1999. In fact, cash costs in 1999 were even lower at \$134 per ounce and production higher at 3.66 million ounces. The Plan was achieved by the closure or sale of five mines: Golden Patricia (March 1997), Mercur (December 1997), Doyon (January 1998), Pinson (January 1999), and Bullfrog (December 1999). In 1996, the weighted average total cash costs per ounce of these properties was \$288 or \$83 per ounce higher than the average of the remaining five mines. In addition, the focus on Barrick's core assets, which at that time were the Goldstrike and Pierina Properties, not



only resulted in higher production relative to the phased out mines but production at lower per ounce cash costs. Production at these two properties increased by over 1.2 million ounces by 2000 at an average cash cost of \$138 per ounce, whereas production at the phased out mines was 459,000 ounces in 1996 at a cash cost of \$288 per ounce. The significant improvement in the operating performance was achieved by the development of two low cost mines - the Meikle Mine on the Goldstrike Property and the

Pierina Mine. The cost structure of the Meikle Mine benefits from the high-grade nature of the ore body and its proximity to the Betze-Post Mine. The complete infrastructure, including processing facilities to treat the ore, support facilities and access roads, was already in place at the Goldstrike Property. The economics of the Pierina Mine are made attractive by the high-grade nature of the deposit and the more cost-effective heap leaching process of gold extraction.

## Goldstrike Property

2000, Goldstrike generated \$300 million in free cash flow - net of capital and exploration expenditures and taxes.

With mineral reserves of 24.5 million ounces (42% of the Company's total mineral reserves) and production of two million plus ounces per year expected for at least the next seven years under the current mine plan, Goldstrike is Barrick's most significant generator of free cash flow. The Goldstrike Property contains the Betze-Post open

pit mine and the Meikle underground mine. In 2000, the Goldstrike Property generated its best financial results with free cash flow of \$300 million from production of 2.45 million ounces of gold, at a cash cost of \$170 per ounce. This is compared to production of 2.1 million ounces in 1999, at a cash cost of \$154 per ounce. The 10% increase in cash costs was due to a 20% reduction in the ore grades processed, which was partially offset by lower processing costs with the addition of the new roaster.

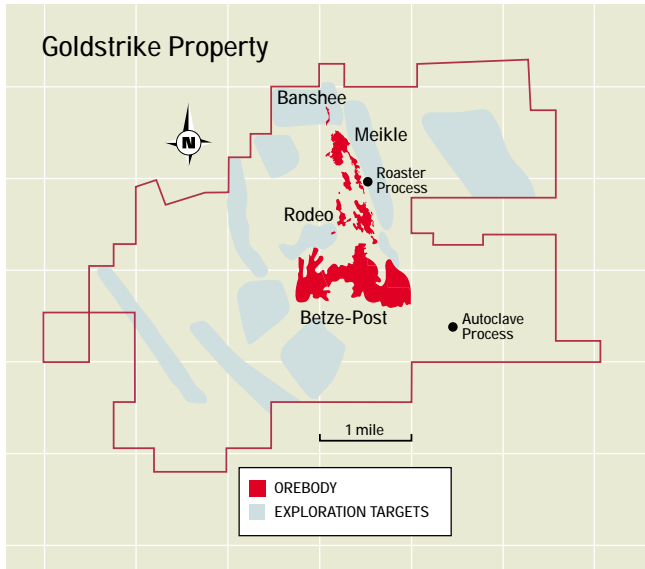
Goldstrike is expected to produce 2.3 million ounces of gold in 2001 - its seventh consecutive year of production

over two million ounces - at a cash cost of \$195 per ounce. The higher cash cost is due to ore grades moving closer to reserve grade at both Betze-Post and Meikle,

Goldstrike's new roaster, commissioned in the second quarter, expanded throughput by 70%.

the impact of higher power costs, and start-up costs at Rodeo. These are partially compensated for by lower processing costs with a full year's operation of the roaster.

Cash costs reflect a power cost increase of \$4 per ounce based on an agreed price increase last fall. The Company was notified in February 2001 that a further power cost increase is being contemplated, which would add an additional \$5 per ounce to Goldstrike cash costs.



The Goldstrike Property in Nevada includes the Betze-Post open pit mine and Meikle underground mine, with mineral reserves of 24.5 million ounces and annual production of over two million ounces per year.

| GOLDSTRIKE FINANCIALS                   |        |        |        |
|---|--------|--------|--------|
|   | 99     | 00     | 01E    |
| Gold production - ounces (thousands)    | 2,108  | 2,452  | 2,281  |
| Gold sales per ounce                    | \$ 385 | \$ 360 | \$ 340 |
| <b>Production costs per ounce</b>       |        |        |        |
| Direct mining costs                     | \$ 168 | \$ 114 | \$ 155 |
| Applied (deferred stripping)            | (29)   | 42     | 28     |
| By-product credits                      | (1)    | (1)    | (1)    |
| <b>Cash operating costs per ounce</b>   | 138    | 155    | 182    |
| Royalties                               | 11     | 13     | 11     |
| Production taxes                        | 5      | 2      | 2      |
| <b>Total cash costs per ounce</b>       | 154    | 170    | 195    |
| Amortization                            | 60     | 48     | 49     |
| Reclamation                             | 2      | 2      | 3      |
| <b>Total production costs per ounce</b> | 216    | 220    | 247    |
| Amortization - acquisition costs        | (4)    | (6)    | (6)    |
| <b>Total production costs - net</b>     | \$ 212 | \$ 214 | \$ 241 |
| Cash margin per ounce                   | \$ 231 | \$ 190 | \$ 145 |
| Capital expenditures (millions)         | \$ 337 | \$ 176 | \$ 120 |
| Deferred stripping (millions)           | \$ 138 | \$ 98  | \$ 124 |

The roaster, the new Rodeo deposit at the Meikle Mine, and the underground exploration potential are three key factors in the continuing strength of the property. The roaster, commissioned in 2000 on time and on budget, has exceeded planned throughput at lower than expected operating costs of \$12.46 per ton - 40% lower than the autoclave cost per ton. The Rodeo deposit is expected to enter production in the fourth quarter of 2001. Development work to date indicates better than expected ground conditions, which could result in lower mining costs.

An extensive underground and surface drilling program carried out in 2000 on the Goldstrike Property focused on high-grade underground targets. A total of \$10 million was spent on exploration during the year. The program replaced underground production at Meikle for the fourth consecutive year and identified several new follow-up targets. Betze-Post mineral reserves declined at year end as the mine did not replace 2000 production and the lower gold price used to calculate mineral reserves reduced mineral reserves by approxi-

mately 800,000 ounces. Barrick will continue its exploration program on the Property in 2001 with a planned expenditure of \$7 million, beginning with a property-wide geophysical survey early in the year. Based on the results of this survey, additional drilling could augment the drilling program already planned for 2001.

In 2000, capital expenditures for the Goldstrike Property were \$274 million (including deferred stripping costs of \$98 million) including the purchase of ten 330-ton haul-trucks at the Betze-Post Mine, construction

of Rodeo, and completion of the roaster. Capital expenditures in 2001 are estimated at \$96 million (including deferred stripping costs of \$124 million) for the purchase of six 330-ton haul-trucks for the Betze-Post Mine (completing the fleet replacement that began three years ago), final construction and development work at Rodeo, and mill expansion to increase processing capacity of the autoclaves. Sustaining capital going forward for the Goldstrike Property is estimated at \$18 million per year.

#### GOLDSTRIKE OPERATING STATISTICS

|  | 99     | 00     | 01E    | Outlook for 2001  |
|--|--------|--------|--------|---|
| Tons mined (millions)  | 156    | 144    | 150    | • Higher mining rate reflects higher density of ore in open pit                   |
| Tons milled (thousands)                                      | 5,798  | 8,677  | 10,266 | • 19% increase in processing capacity with a full year's benefit from the roaster |
| Grade processed (ounces per ton)                             | 0.40   | 0.32   | 0.25   | • Lower ore grades mined at Betze-Post and Meikle                                 |
| Recovery rate (%)  | 90.8   | 89.2   | 88.4   | • Lower production reflects lower grades, partially offset by higher throughput   |
| Gold production (thousands of ounces)                        | 2,108  | 2,452  | 2,281  |   |
| Mineral reserves (thousands of ounces)                       | 27,251 | 24,451 | -      |   |
| Mineral resources (including inferred) (thousands of ounces) | 7,306  | 7,248  | -      |   |

## Betze-Post Mine

**B**etze-Post is a conventional open pit mine with mineral reserves of 18 million ounces at the end of 2000. Production increased 46% to 1.65 million ounces of gold at cash costs of \$195 per ounce compared to 1.13 million ounces in 1999 at cash costs of \$203 per ounce, generating \$200 million in free cash flow. The increase in production is attributable to the mid-year start-up of the roaster facility. Cash costs for 2000 were \$10 per ounce lower than planned with lower processing costs at the roaster and higher than expected grades, which were partially offset by higher fuel and power costs.



The Betze-Post Mine, a conventional open pit operation located in the southern portion of the Goldstrike Property, is expected to produce 1.61 million ounces of gold in 2001.

Production increased 46% to 1.65 million ounces of gold at cash costs of \$195 per ounce . . . generating \$200 million in free cash flow.

For 2001, the mine is expected to maintain free cash flow at close to \$200 million, with production of 1.61 million ounces of gold at cash costs of \$218 per ounce and capital expenditures of \$23 million. The higher cash costs reflect the impact of a full year of higher power costs, amortization of deferred mining costs of \$15 per ounce, and the processing of ore that is moving toward the average mineral reserve grade of 0.155 ounces per ton. The effect of lower ore grades in the future is expected to be partially offset by lower roaster processing costs and lower mining costs because of the mine truck fleet replacement. As well, planned backfilling of the eastern portion of the pit beginning in 2003 is expected to lower mining costs because of the shorter haulage distance for waste material.

#### BETZE-POST FINANCIALS

|   | 99     | 00            | 01E    |
|---|--------|---------------|--------|
| <b>Gold production - ounces</b> (thousands) | 1,130  | <b>1,646</b>  | 1,612  |
| <b>Gold sales per ounce</b>                 | \$ 385 | <b>\$ 360</b> | \$ 340 |
| <b>Production costs per ounce</b>           |        |               |        |
| Direct mining costs                         | \$ 243 | <b>\$ 122</b> | \$ 168 |
| Applied (deferred stripping)                | (53)   | <b>62</b>     | 39     |
| By-product credits                          | -      | -             | -      |
| <b>Cash operating costs per ounce</b>       | 190    | <b>184</b>    | 207    |
| Royalties                                   | 9      | <b>10</b>     | 10     |
| Production taxes                            | 4      | <b>1</b>      | 1      |
| <b>Total cash costs per ounce</b>           | 203    | <b>195</b>    | 218    |
| Amortization                                | 60     | <b>48</b>     | 49     |
| Reclamation                                 | 3      | <b>3</b>      | 3      |
| <b>Total production costs per ounce</b>     | 266    | <b>246</b>    | 270    |
| Amortization - acquisition costs            | (6)    | <b>(8)</b>    | (7)    |
| <b>Total production costs - net</b>         | \$ 260 | <b>\$ 238</b> | \$ 263 |
| Cash margin per ounce                       | \$ 182 | <b>\$ 165</b> | \$ 122 |
| Capital expenditures (millions)             | \$ 291 | <b>\$ 96</b>  | \$ 47  |
| Deferred stripping (millions)               | \$ 138 | <b>\$ 98</b>  | \$ 124 |

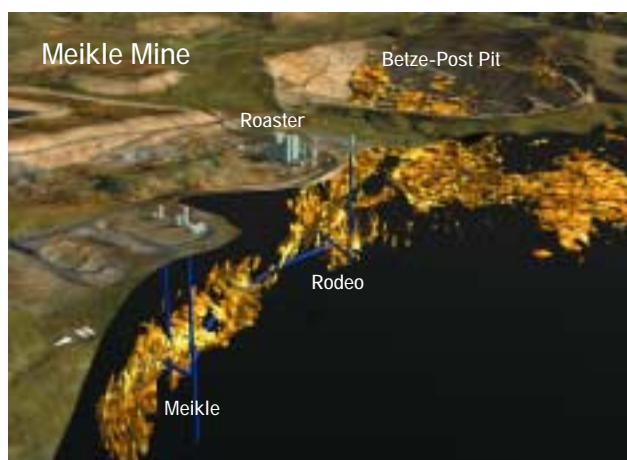
#### BETZE-POST OPERATING STATISTICS

|   | 99     | 00            | 01E   | Outlook for 2001   |
|---|--------|---------------|-------|--|
| Tons mined (millions)   | 155    | <b>143</b>    | 149   | • The mining rate is expected to rise due to the increase in hauling capacity of the new 330-ton haul-trucks purchased in the past 15 months and increased ore density |
| Tons milled (thousands)   | 4,763  | <b>7,438</b>  | 9,046 |  |
| Grade processed (ounces per ton)                                | 0.27   | <b>0.25</b>   | 0.21  |  |
| Recovery rate (%)   | 88.2   | <b>87.5</b>   | 86.9  | • Unit mining costs are expected to decline 5% because of the new larger haul-trucks   |
| Gold production (thousands of ounces)                           | 1,130  | <b>1,646</b>  | 1,612 | • Tons processed is expected to increase 22% with a full year's operation of the roaster and the new ball mill in the autoclaves                                       |
| Mineral reserves (thousands of ounces)                          | 20,709 | <b>18,000</b> | -     |  |
| Mineral resources (including inferred)<br>(thousands of ounces) | 2,293  | <b>3,509</b>  | -     | • The average grade is expected to decline as lower-grade areas of the pit are mined   |
|   |        |               |       | • The lower production reflects the lower grades processed partially offset by higher throughput   |

## Meikle Mine

The Meikle Mine, located one mile north of the Betze-Post Mine, is a high-grade underground operation incorporating the Rodeo deposit scheduled for production in the fourth quarter of 2001. At the close of 2000, mineral reserves at Meikle stood at 6.5 million ounces. The mine replaced production for the fourth consecutive year in 2000.

Production was 36,000 ounces less than plan at 805,718 ounces of gold and cash costs were higher than plan by \$11 at \$119 per ounce. The lower production and higher costs reflect the mining of more lower-grade development ore than expected and



Meikle is an underground mine, north of Betze-Post on the Goldstrike Property. The Rodeo deposit of the Meikle Mine is scheduled for a fourth quarter 2001 start-up.

### MEIKLE FINANCIALS

|   | 99     | 00     | 01E    |
|---|--------|--------|--------|
| <b>Gold production - ounces (thousands)</b> | 978    | 806    | 669    |
| <b>Gold sales per ounce</b>                 | \$ 385 | \$ 360 | \$ 340 |
| <b>Production costs per ounce</b>           |        |        |        |
| Direct mining costs                         | \$ 76  | \$ 99  | \$ 121 |
| Applied (deferred stripping)                | -      | -      | -      |
| By-product credits                          | (1)    | (1)    | (1)    |
| <b>Cash operating costs per ounce</b>       | 75     | 98     | 120    |
| Royalties                                   | 13     | 17     | 13     |
| Production taxes                            | 8      | 4      | 4      |
| <b>Total cash costs per ounce</b>           | 96     | 119    | 137    |
| Amortization                                | 59     | 47     | 49     |
| Reclamation                                 | 2      | 2      | 2      |
| <b>Total production costs per ounce</b>     | 157    | 168    | 188    |
| Amortization - acquisition costs            | (1)    | (2)    | (2)    |
| <b>Total production costs - net</b>         | \$ 156 | \$ 166 | \$ 186 |
| Cash margin per ounce                       | \$ 289 | \$ 241 | \$ 203 |
| Capital expenditures (millions)             | \$ 46  | \$ 80  | \$ 73  |

lower recoveries in the autoclaves. Despite the shortfall, the mine generated \$100 million in free cash flow after \$80 million in capital expenditures for the development of Rodeo. For 2001, Meikle is expected to produce 669,000 ounces of gold at cash costs of \$137 per ounce. The lower production and higher costs reflect mining grades moving to the average mineral reserve grade of 0.458 ounces per ton, an increase in development ore from new ore zones, and start-up costs at Rodeo.

In 2001, exploration will focus on the Banshee area (located 1,500 feet north of Meikle). A 1,500-foot exploration drift scheduled to begin in the second half of 2001 will follow up on high-grade intercepts from the 2000 surface exploration program. In addition, drilling will continue at Meikle and Rodeo (see diagram above).

## MEIKLE OPERATING STATISTICS

|   | 99    | 00    | 01E   | Outlook for 2001   |
|---|-------|-------|-------|--|
| Tons mined (thousands)  | 998   | 1,257 | 1,218 | • The lower mining rate reflects a higher percentage of mining activity in areas requiring lower-volume mining methods, which offset the increase in tons from Rodeo |
| Tons milled (thousands)   | 1,035 | 1,239 | 1,220 |  |
| Grade processed (ounces per ton)                                | 1.00  | 0.70  | 0.59  | • The lower grade mined reflects an increase in development ore mined from new ore zones and mining activity in lower-grade areas of Main Meikle                     |
| Recovery rate (%)   | 94.0  | 92.9  | 92.7  |  |
| Gold production (thousands of ounces)                           | 978   | 806   | 669   | • Unit mining costs are expected to increase 7% due to start-up costs at Rodeo   |
| Mineral reserves (thousands of ounces)                          | 6,542 | 6,451 | -     |  |
| Mineral resources (including inferred)<br>(thousands of ounces) | 5,013 | 3,739 | -     | • The lower production estimate is due to a 16% reduction in ore grades mined and the lower mining rate  |

## Pierina Property

Located north of Lima, Peru, the Pierina Mine is an open pit operation with mineral reserves of 5.7 million ounces at the end of 2000. The Pierina Mine was Barrick's lowest cash cost operation and second-largest generator of free cash flow during 2000. Pierina produced 821,614 ounces of gold at a cash cost of \$43 per ounce, generating \$206 million in free cash flow (equal to \$250 per ounce). The mine replaced half of the mineral reserves depleted by 2000 production through the combination of a successful exploration program and a reworking of the mineral reserve model. This represents a significant addition due to the low-cost nature of the mineral reserves. A reworking of the mine plan based on detailed drilling increased production estimates for the next three years, and lowered estimated costs to \$90 per ounce from the original life-of-mine estimate of \$100 per ounce.

## PIERINA FINANCIALS

|   | 99     | 00     | 01E    |
|---|--------|--------|--------|
| <b>Gold production - ounces</b> (thousands) | 837    | 822    | 870    |
| <b>Gold sales per ounce</b>                 | \$ 385 | \$ 360 | \$ 340 |
| <b>Production costs per ounce</b>           |        |        |        |
| Direct mining costs                         | \$ 63  | \$ 78  | \$ 68  |
| Applied (deferred stripping)                | (6)    | (22)   | (16)   |
| By-product credits                          | (15)   | (13)   | (12)   |
| <b>Cash operating costs per ounce</b>       | 42     | 43     | 40     |
| Royalties                                   | -      | -      | -      |
| Production taxes                            | -      | -      | -      |
| <b>Total cash costs per ounce</b>           | 42     | 43     | 40     |
| Amortization                                | 205    | 202    | 190    |
| Reclamation                                 | 5      | 7      | 10     |
| <b>Total production costs per ounce</b>     | 252    | 252    | 240    |
| Amortization - acquisition costs            | (121)  | (115)  | (112)  |
| <b>Total production costs - net</b>         | \$ 131 | \$ 137 | \$ 128 |
| <b>Cash margin per ounce</b>                | \$ 343 | \$ 317 | \$ 300 |
| Capital expenditures (millions)             | \$ 26  | \$ 31  | \$ 11  |
| Deferred stripping (millions)               | \$ 6   | \$ 18  | \$ 14  |

The Pierina Mine is expected to have its best year to date in 2001 with production of 870,000 ounces of gold at a cash cost of \$40 per ounce. It is again expected to generate free cash flow in the \$200 million range.

In 2000, the first exploration program was carried out at Pierina since mine construction began in 1997. This program identified an area of mineralization at the north end of the pit. In 2001, exploration drilling will focus on this area, as well as on targets at depth and areas to the south of the pit.

In 2000, capital expenditures at Pierina were \$49 million, including deferred stripping, additional mine equipment, expansion of the leach dam and construction of housing and community facilities for employees and their families. In 2001, \$25 million is planned mainly for deferred stripping, expansion of



The Pierina Mine, a conventional open pit operation located in Peru, is expected to have its best year to date in 2001 with production of 870,000 ounces of gold at a cash cost of \$40 per ounce.

the waste dump, and continuing the expansion of the leach pad dam. The processing rate is expected to increase due to improvements in the crushing and grinding circuit and better control of ore feed.

#### PIERINA OPERATING STATISTICS

|  | 99     | 00            | 01E    | Outlook for 2001   |
|--|--------|---------------|--------|--|
| Tons mined (thousands)                                       | 21,591 | <b>30,712</b> | 30,356 | • Mining rate should remain at current levels for the next several years   |
| Tons placed on pad (thousands)                               | 8,140  | <b>9,654</b>  | 10,017 | • The 4% increase in tons placed on the pad is due to improvements in the crushing plant and improved quality control of ore feed blends |
| Grade processed (ounces per ton)                             | 0.12   | <b>0.10</b>   | 0.11   | • Lower unit operating costs are expected from operating improvements made in 2000   |
| Gold production (thousands of ounces)                        | 837    | <b>822</b>    | 870    | • The higher production reflects the combination of more tons placed on the pad and better grade   |
| Mineral reserves (thousands of ounces)                       | 6,146  | <b>5,655</b>  | -      |  |
| Mineral resources (including inferred) (thousands of ounces) | 782    | <b>586</b>    | -      |  |

## Other Properties

Other Properties consist of the Bousquet Mine in northwestern Quebec, Holt-McDermott Mine in northeastern Ontario, and the El Indio and Tambo Mines in Chile. Together, these properties contributed 469,621 ounces of gold in 2000 at an average cash cost of \$200 per ounce. The Tambo Mine ceased operations in the second quarter of 2000. At the end of 2000, mineral reserves for Other Properties stood at 907,000 ounces of gold.

In 2001, Other Properties are expected to produce 417,000 ounces of gold at an average cash cost of \$187 per ounce. The decline in production from 2000 is due to the closure of the Tambo Mine as well as the decline in ore grades at Bousquet as it approaches the end of its mine life, scheduled for 2003.

### OTHER PROPERTIES FINANCIALS

|   | 99     | 00     | 01E    |
|---|--------|--------|--------|
| <b>Gold production - ounces</b> (thousands) | 715    | 470    | 417    |
| <b>Gold sales per ounce</b>                 | \$ 385 | \$ 360 | \$ 340 |
| <b>Production costs per ounce</b>           |        |        |        |
| Direct mining costs                         | \$ 215 | \$ 248 | \$ 267 |
| Applied (deferred stripping)                | -      | -      | -      |
| By-product credits                          | (39)   | (52)   | (84)   |
| <b>Cash operating costs per ounce</b>       | 176    | 196    | 183    |
| Royalties                                   | 4      | 4      | 4      |
| Production taxes                            | -      | -      | -      |
| <b>Total cash costs per ounce</b>           | 180    | 200    | 187    |
| Amortization                                | 119    | 93     | 25     |
| Reclamation                                 | 16     | 2      | 6      |
| <b>Total production costs per ounce</b>     | 315    | 295    | 218    |
| Amortization - acquisition costs            | (49)   | (27)   | -      |
| <b>Total production costs - net</b>         | \$ 266 | \$ 268 | \$ 218 |
| Cash margin per ounce                       | \$ 205 | \$ 160 | \$ 153 |
| Capital expenditures (millions)             | \$ 13  | \$ 9   | \$ 10  |

### OTHER PROPERTIES OPERATING STATISTICS

|   | 99    | 00    | 01E   |
|---|-------|-------|-------|
| Tons milled (thousands)   | 6,709 | 2,991 | 2,671 |
| Grade processed (ounces per ton)                                | 0.12  | 0.17  | 0.17  |
| Recovery rate (%)   | 92.8  | 91.6  | 92.3  |
| Gold production (thousands of ounces)                           | 715   | 470   | 417   |
| Mineral reserves (thousands of ounces)                          | 1,266 | 907   | -     |
| Mineral resources (including inferred)<br>(thousands of ounces) | 4,380 | 5,768 | -     |

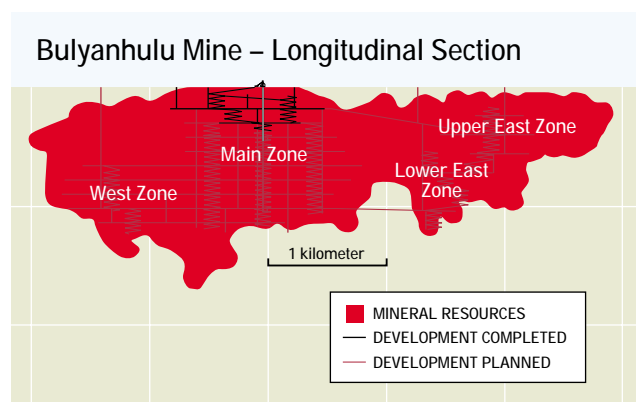
## Bulyanhulu Property

The Bulyanhulu Property is located south of Lake Victoria on the Victorian Greenstone Belt in Tanzania, East Africa. Bulyanhulu mineral reserves have increased to 10 million ounces from 3.6 million ounces at the time of acquisition in March of 1999. Bulyanhulu is the focus of Barrick's most significant exploration program. The 2000 program was expanded from the original \$6 million budget to \$26 million because of the exploration success. The ore body has excellent continuity of mineralization, which has doubled the Company's initial estimate of its size. To date at Bulyanhulu, nearly 100% of mineral resources have been converted to mineral reserves. The average grade is 0.43 ounces per ton and, in today's gold price environment, grade is an important factor in determining the profitability of mineral reserves. A further \$10 million is planned for the 2001 exploration program. The Company is targeting further increases to mineral reserves, which have the potential to translate into a higher rate of production.

On the development front, construction is proceeding smoothly for a planned second quarter 2001 start-up. Capital expenditures were \$177 million in 2000, including construction of surface facilities, underground development, and related infrastructure. In 2001, \$114 million is planned for mine completion prior to start-up, as well as to continue shaft sinking and underground development.

Bulyanhulu mineral reserves expanded 33% to 10 million ounces. The Company is looking to translate the expanding mineral reserve base into increased production.

Bulyanhulu is expected to contribute 263,000 ounces of gold at a cash cost of \$166 per ounce in 2001, ramping up to approximately 400,000 ounces in 2002. The Company is working to increase the life-of-mine annual production rate from 400,000 to 500,000 ounces of gold. In 2001, the mining rate is expected to average 1,800 tons per day and increase to design capacity of 2,750 tons per day in 2003 with the completion of the shaft sinking. During 2001 and 2002, mill feed will be supplemented by 385,000 tons of stockpiled ore. Cash costs are expected to decline to \$130 per ounce with the completion of the shaft because hauling ore up the shaft is more efficient than the current method of trucking to surface.



The Bulyanhulu orebody has more than doubled in size since acquisition (March 1999), extending 2 km at depth and 5 km along strike.

The Company has established a significant land position in one of the most prospective gold regions in the world with the July 2000 acquisition of Pangea Goldfields for \$115 million.

As a part of that acquisition, the Company acquired a 70% interest in the Tulawaka property, located 200 road kilometers from Bulyanhulu. Tulawaka contains 1 million ounces of high-grade inferred mineral resources and a portfolio of exploration properties.

Plans include the expenditure of \$11 million in 2001 at Tulawaka in an effort to increase both mineral reserves and mineral resources. As well, the Company has acquired or entered into joint ventures on several other properties within trucking distance of the Bulyanhulu processing facility. Any discoveries made on these other properties would benefit from the existing infrastructure at Bulyanhulu.

## Pascua-Lama Property

The Pascua-Lama Property is located at the northern end of the El Indio Belt, straddling the Chile/Argentina border in South America. At the end of 2000, total mineral reserves increased to 17.5 million ounces of gold and 594 million ounces of silver, the largest silver reserve in the world. Construction on this mine project, scheduled to begin in December 2000, was deferred due to the less-than-favorable gold and silver price environment. The Company continues to review the construction cost estimate, the development plan and permitting. Recent construction cost estimates are approximately 25-30% higher than the original estimate of \$950 million. Pascua-Lama has the potential to be a long-life, low-cost, quality producer and, in the right gold and silver price environment, an important contributor to Barrick's production, earnings and cash flow.

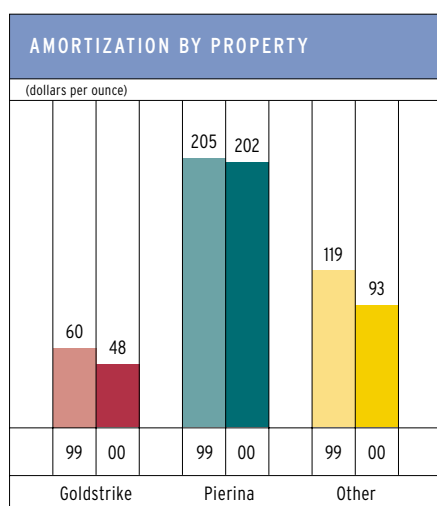
Capital expenditures for Pascua-Lama in 2000 were \$107 million, largely for the development plan, road construction and capitalized interest. In 2001, \$67 million is planned for continued work on the development plan, continuation of permitting, road construction, and capitalized interest.



The Pascua-Lama Property contains 17.5 million ounces of gold mineral reserves and 594 million ounces of silver mineral reserves. As well, the adjacent Veladero project has an expanding mineral resource base.

Adjacent to Pascua-Lama, Barrick holds a 40% joint venture interest in the Veladero project. During 2000, an exploration program expanded Veladero's measured and indicated mineral resources and continued metallurgical test work and technical studies toward optimizing the scope and economics of the project.

## EXPENSES



### AMORTIZATION

As planned, amortization declined to \$339 million, or \$88 per ounce, in 2000 from \$385 million in 1999 primarily due to the 1999 closure of the Bullfrog Mine and 2000 closure of the Tambo Mine. As well, the 1999 sale of the El Coco property lowered the amortization basis for the Bousquet Mine. Amortization is expected to decline slightly in 2001 to \$321 million, or \$81 per ounce, due primarily to the impact of the 2000 provision as it applied to Bousquet. Amortization includes an additional charge for the application of the new accounting Standard for Future Income Taxes, which amounted to \$14 million in 2000 and an estimated \$9 million in 2001 (See Income Taxes section).

### INTEREST EXPENSE

In 2000, the Company incurred \$50 million in interest costs, related primarily to the Company's \$500 million debentures and the Bulyanhulu project financing. Of this amount, \$6 million was expensed and the remaining \$44 million was capitalized to projects in development

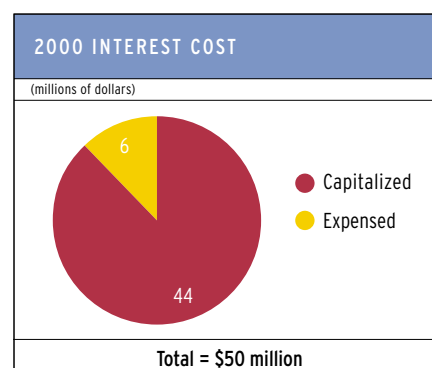
(Pascua-Lama, Bulyanhulu, Rodeo). For the year, the Company drew down \$151 million of the \$200 million limited recourse project financing for the Bulyanhulu Mine project. This is repayable in 14 semi-annual installments beginning in 2002.

For 2001, the Company estimates interest costs to be \$60 million, with \$17 million expected to be expensed and \$43 million capitalized to Bulyanhulu, Pascua-Lama and Rodeo. The higher interest costs relate to the complete draw down of the \$200 million Bulyanhulu project financing. With respect to Pascua-Lama, if the gold and silver markets do not recover sufficiently for construction to begin, interest expensed would be higher than plan.

### CORPORATE

In 2000, administration costs were \$35 million, unchanged from 1999. For 2001, administration costs are expected to increase to \$36 million due to an increase in membership fees for the World Gold Council. Barrick has been able to maintain low administrative costs over the past five years despite the increasing size and geographic scope of its operations.

Reference is drawn to note 12 to the consolidated financial statements for a discussion of the impact of



recently issued accounting pronouncements and the difference in accounting for the provision for mining assets under United States accounting principles.

### INCOME TAXES

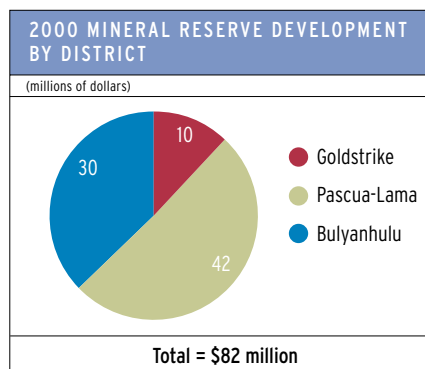
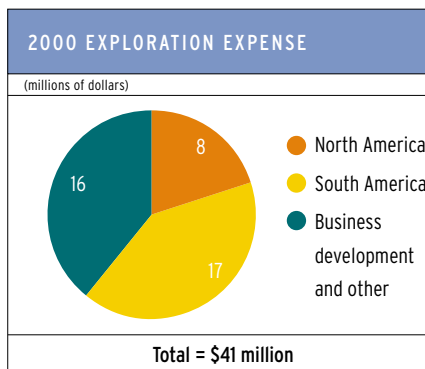
The Company's effective tax rate for 2000 was 13%. The decline from 25% in 1999 was primarily due to a higher portion of earnings being earned in a lower tax jurisdiction and the implementation of the new accounting Standard for Future Income Taxes in the first quarter of 2000. The application of the Standard, which changes the method of reporting for Future Income Taxes, did not have an effect on net income since the decrease in income taxes of \$14 million was offset by a corresponding increase in amortization as required by the Standard. In 2001, the tax rate is expected to decline to 11% with a higher percentage of earnings being earned in a lower tax jurisdiction.

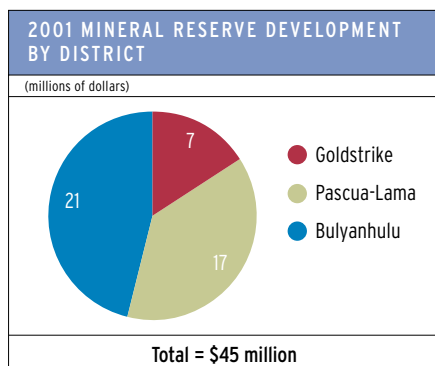
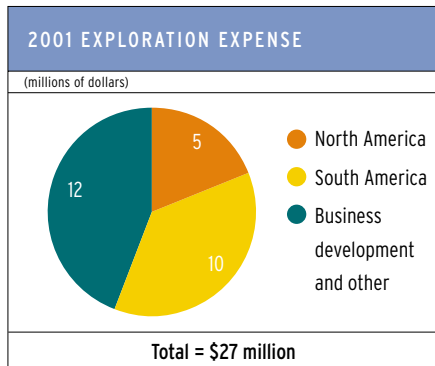
### EXPLORATION

Barrick's District Development Programs focus exploration around its existing properties which together had 58.5 million ounces of mineral reserves at the end of 2000. (For a detailed breakdown of mineral reserves and mineral resources by category, see pages 67-70 of the annual report.) Barrick believes there is a higher probability of finding mineral reserves around existing mines, where they can be developed more quickly and profitably due to existing infrastructure.

Total exploration expenditures were \$123 million in 2000 (of which \$41 million was expensed), \$32 million above plan, primarily due to additional development drilling at Bulyanhulu, Pascua-Lama and Veladero, compared to \$112 million in 1999. The exploration programs added 3.4 million ounces to mineral reserves

in 2000, before production. At Bulyanhulu, exploration work resulted in 2.5 million ounces being added to mineral reserves. In addition, work continued on targets not yet classified as mineral resources. At Meikle, exploration replaced underground production for the fourth year in a row. Exploration and reworking of the mine reserve model added 500,000 ounces to mineral reserves at Pierina. At Pascua-Lama, in-pit drilling increased the Company's understanding of the geology and structural controls and facilitated the refinement of the mine plan. In addition, drilling began on exploration targets at Filo Federico Norte, Lama Central, Porfiada and Penelope. At Veladero, located adjacent to Pascua-Lama, the 2000 exploration program expanded Barrick's share of measured and indicated mineral resources to 3.9 million ounces.





In 2001, exploration expenditures are expected to be \$72 million (of which \$27 million is expected to be expensed) with \$25 million allocated to programs at the Bulyanhulu Property and other areas in Tanzania. An additional \$27 million will be directed to programs in South America and the remainder will be spent in North America and on corporate development activity. The level of expenditure in any given year is a function of programs on existing properties and new opportunities or initiatives that present themselves during the year.

## CASH FLOW

In 2000, operating cash flow was \$872 million, compared with \$769 million in 1999 (\$686 million in 1998). The Company's operating mines generated \$530 million

in free cash flow in 2000 (1999 - \$380 million). The free cash flow was used to develop Bulyanhulu (with additional funds from the Bulyanhulu project financing), to work on a development plan for Pascua-Lama, to purchase Pangea Goldfields, to augment the Company's land position in Tanzania, and to distribute higher dividends. At the close of 2000, the Company's cash position had increased by \$123 million to \$623 million. The \$150 million increase in 2000 was due to the decrease in capital expenditures at the Company's operating properties of \$257 million and lower cash income taxes of \$18 million offset by lower gold sales of \$91 million and higher operating costs of \$34 million.

Operating cash flow and free cash flow for 2001 are expected to remain strong with production of 3.8 million ounces of gold and continued low cash costs of \$156 per ounce and lower capital and exploration expenditures of \$357 million. The Company expects to benefit from its Premium Gold Sales Program, receiving a minimum realized gold price of \$340 per ounce for 100% of its expected production in 2001. (Barrick's Premium Gold Sales Program is described on page 20 of the annual report.)

## DIVIDENDS

During 2000, the Company paid dividends of \$0.22 per share compared to \$0.20 per share in 1999 and \$0.18 per share in 1998. Barrick has increased dividends for 13 consecutive years. The Company's payout ratio of 26% is in line with the average payout ratio of S&P 500 companies.

## RISK MANAGEMENT

### Financial Risk

Barrick actively manages its risks with respect to gold prices, currencies, interest rates and by-product com-

### Footnote 3

Free cash flow is revenue from gold sales less operating costs, capital and exploration expenditures at producing properties and cash income taxes. The \$530 million free cash flow in 2000 (1999 - \$380 million) represents gold sales of \$1,330 million (1999 - \$1,421 million) less: operating costs of \$550 million (1999 - \$516 million), capital and exploration expenditures at producing properties of \$193 million (1999 - \$450 million) and cash income taxes of \$57 million (1999 - \$75 million)

modity prices. The Company uses a variety of products to mitigate these risks. These products are used only for hedging purposes related to the Company's specific risk exposures and not for trading purposes. Reference is drawn to note 11(A) to the consolidated financial statements for a discussion of the Company's use of financial instruments, outstanding commodity contracts and credit and market risks.

### Operational Risk

Barrick continually assesses the mining risks at each of its operations. The Company works to reduce both the likelihood and the potential severity of such risks through its high operational standards, emphasis on employee training, and the risk management and loss-control programs in place at each mine site. To the extent practical, the Company also maintains adequate insurance at all times to cover normal business risks.

As well, operational risk is minimized through both asset and mineral reserve diversification. At the close of 2000, approximately 47% of the Company's assets and 43% of its mineral reserves were in North America with the balance in South America and Tanzania. At Goldstrike, increasing processing efficiency reduces the risk of rising power and fuel costs, prevalent in this region of the United States.

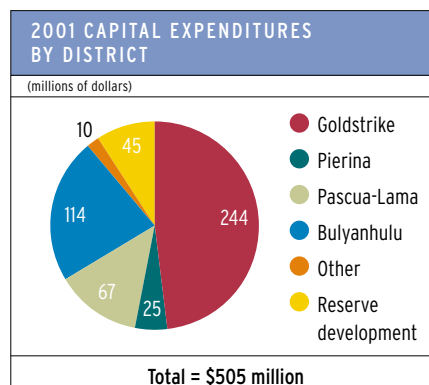
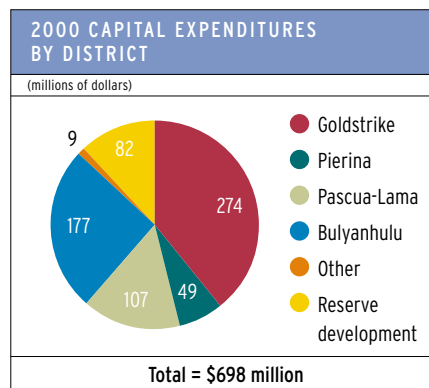
The political risks of operating in various countries have been assessed and, where appropriate, political risk insurance has been acquired.

In each country where it has operations, Barrick is subject to various levels of government controls, taxation and regulation. This exposes Barrick to the risk of potentially adverse changes. The Company attempts

to ensure that it complies with current laws at all times and, through direct and industry-wide contact with appropriate regulatory bodies, it attempts to maintain a climate of open communications. Barrick draws on the expertise of its management team, Board of Directors and International Advisory Board, along with a broad range of financial advisors to help assess risks before making an investment in a particular country.

### Competitive Environment

Barrick competes with other mining companies for exploration properties, for joint-venture agreements and for the acquisition of attractive gold companies. There is a risk that this competition could increase the difficulty of concluding a negotiation on terms that the Company considers acceptable. However, there are a number of



## OUTLOOK HIGHLIGHTS

|   | 2000   | 2001E  | Change | Comment on 2001   |
|---|--------|--------|--------|---|
| <b>Gold production</b> (millions of ounces) | 3.74   | 3.83   | +2%    | • The April start-up of Bulyanhulu and higher production at Pierina                 |
| <b>Realized gold price</b>                  | \$ 360 | \$ 340 | -6%    | • Re-designation of contracts in 2001 to future years                               |
| <b>Total cash costs per ounce</b>           | \$ 145 | \$ 156 | +8%    | • Lower grades and higher fuel and power costs primarily at Goldstrike              |
| <b>Amortization per ounce</b>               | \$ 88  | \$ 81  | -8%    | • Lower amortization primarily at Bousquet  |
| <b>Total production costs per ounce</b>     | \$ 237 | \$ 242 | +2%    | • Lower grades and higher power costs offset by lower amortization                  |
| <b>Exploration expense (millions)</b>       | \$ 41  | \$ 27  | -34%   | • Lower planned exploration in North and South America                              |
| <b>Income tax rate</b>                      | 13%    | 11%    | -2%    | • A higher portion of earnings expected to be generated in a lower tax jurisdiction |

factors that strengthen Barrick's competitive position - it is an entrepreneurial company, with the financial and operational strength required to move quickly and effectively.

Barrick also operates from a position of strength through the quality of its people. The Company looks for the best people from around the world, and keeps them through high corporate standards of operation, the professional opportunities that it provides, and excellent compensation.

## OUTLOOK

While the gold industry has experienced a prolonged period of low prices, Barrick is working to protect its shareholders from current adversity and to build economic value for the future.

In pursuing these objectives, Barrick relies on clearly defined operating and financial strategies, and its established financial strength. The Company has an 'A'-rated balance sheet, the largest cash position in the industry and strong free cash flow. As a result, Barrick has the flexibility to assess opportunities that arise in the gold industry, applying the disciplined

approach that characterizes its financial management.

In 2000, Barrick had a strong year, with higher production at low costs, and benefited from high realized prices achieved under its Premium Gold Sales Program. While the Company set new levels for operating earnings and cash flow during the year, its decision to adjust the carrying values of certain assets to reflect low gold prices resulted in a loss of \$766 million after a non-cash provision of \$1.1 billion (after tax).

In 2001, Barrick expects to continue to perform strongly, although several metrics will not match the levels achieved in 2000. The Company expects modest increases in production to 3.8 million ounces and in cash costs to \$156 per ounce. Operating cash flow, while lower than in 2000, is expected to be more than \$600 million, translating into more than \$400 million in free cash flow from existing operations.

The Company expects earnings of 70 cents to 75 cents per share, a reduction from 2000 (before provision). This reflects Barrick's decision to extend the benefits of the Premium Gold Sales Program into the future, resulting in a \$20 per ounce reduction in the realized gold price for 2001.

Going forward, Barrick will remain focused on building economic value for shareholders.

Barrick is driven by three key financial objectives:

- To increase earnings and cash flow per share,
- To improve return on equity, and
- To maintain a strong balance sheet.

To achieve these financial objectives, Barrick will continue to be guided by four operating strategies - to increase profitable production, lower costs, expand high quality mineral reserves, and continue the Premium Gold Sales Program.

In 2001, Barrick expects to increase profitable production to 3.8 million ounces, reflecting another strong year from Pierina in particular, and production start-ups at Bulyanhulu and Rodeo. Bulyanhulu is on track to begin production during the second quarter, in the first phase of what could be a multiple-phase development. The Company will assess anticipated increases in the mineral resource base at Bulyanhulu with a view to increasing production at a rate that optimizes the value of the asset. Production at the Rodeo deposit of the Meikle Mine is expected to add to Meikle's production beginning in the fourth quarter of 2001.

While Barrick's estimated cash costs are expected to increase this year to \$156 per ounce, the Company will continue its efforts to reduce costs and improve productivity, which have already reduced unit costs at the Company's operations for four consecutive years.

In 2001 and beyond, Barrick will endeavor to expand its mineral reserves. At Pierina, the exploration program will follow up on 2000 exploration results. At Goldstrike, the Company plans to drive an exploration drift through to Banshee to follow up on promising targets. At Pascua-Lama, exploration is scheduled to focus on three satellite targets in an effort to

expand the district mineral reserves and work is scheduled to continue on the adjacent Veladero project.

At Bulyanhulu, Barrick plans to continue to concentrate efforts on expanding mineral resources as well as on converting existing mineral resources to mineral reserves.

Finally, Barrick will continue its Premium Gold Sales Program with a view to maximizing revenue and minimizing gold price risk. This program, in combination with continued high production and low costs, is intended to allow the Company to plan its future with a higher degree of certainty by establishing a minimum price it can expect to receive for its production. Barrick has 100% of 2001 and 2002 production protected at a minimum price of \$340 per ounce and a portion of the production thereafter covered at an average price of \$360 per ounce.

In this period of low gold prices and possible industry consolidation, Barrick has the flexibility to take advantage of opportunities as they present themselves. If gold prices increase, Barrick is in a position to expand production organically with the potential offered by Pascua-Lama and the further development of Bulyanhulu. Should gold prices decline, Barrick has the financial strength to add to its asset base through disciplined acquisitions, which are both accretive to earnings and cash flow and offer an attractive rate of return. Each acquisition opportunity will be assessed using a realistic gold price assumption, which, at the end of 2000, was \$275 per ounce.

All of the activities of Barrick are designed to build economic value for shareholders. While the results achieved may vary from year to year, the goal remains constant.