

Building Mines. Building Value.

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Dear Shareholders:

By all accounts, 2004 was a successful year for Barrick and its stakeholders. Our shares outperformed gold and those of our peer group in 2004. We met or surpassed the goals we set for ourselves in almost every area of our business, and once again we were able to demonstrate Barrick's leadership, both in sustainable development and in social responsibility.

Our share price performance in 2004 reaffirms what we said in last year's letter to our shareholders: Barrick is on track, with the right people and the right strategies for the challenges and opportunities that lie ahead.

We said that 2004 would be a year of transition – a year of building a new generation of mines

targeted to increase our production by 40% by 2007, and drive the Company's future growth and profitability. In 2004, four of our development projects moved from the engineering stage to construction, with three of the four expected to contribute to our production in 2005, and the fourth, Cowal, expected to pour gold in the first quarter of 2006. During the year, we also announced positive development decisions for two new projects, Pascua-Lama and East Archimedes.

In last year's letter, we also pledged that we would put new energy into communicating our exciting future to the investment community – and we did.

Challenges for the industry...

The gold price was up 6% during 2004 in US dollar terms, which, for the industry as a whole, should have meant significantly higher profits and cash flow. Instead, financial results for the industry failed to meet expectations due to a number of challenges that impeded performance.

The rise in the gold price over the last two years was tied very closely to the devaluation of the US dollar. As the dollar fell, the gold price appreciated. We not only expect this close inverse correlation between the two to continue, we believe the combination of soaring US deficits and the trend of decreasing mine supply will provide a strong but volatile US-dollar gold price environment over the next three to five years.

However, other currencies, notably the South African Rand and the Canadian and Australian dollars, appreciated along with the gold price. This had the effect of negating some or all of the benefit of the higher US-dollar gold price, which meant the profitability of mines in those regions may have actually declined.

There were also significant cost increases in energy, consumables and other commodities,

as demand in developing countries, such as China, put upward pressure on commodity prices. These increases, combined with the currency impacts, were a key factor in the rise of gold production costs by some 15% on an industry-wide basis.

Although gold prices in US dollars were up in the last two years, industry production has been steadily contracting since 2002. Investment in the gold industry had been limited until 2003, when the gold price started to climb. The lack of investment resulted in very few large, new discoveries, and these require a lead time of some 7 to 10 years before coming into production. Existing operating mines are also maturing, which usually results in lower grade, lower production and higher costs.

The increase in commodity prices has spurred a boom in the mining industry. The number of new projects in the base metals industry has increased as producers expand to meet the new demand. We are all members of the same industry, and compete for the same equipment, manpower and professional staff. Shortages and higher costs are a direct result.

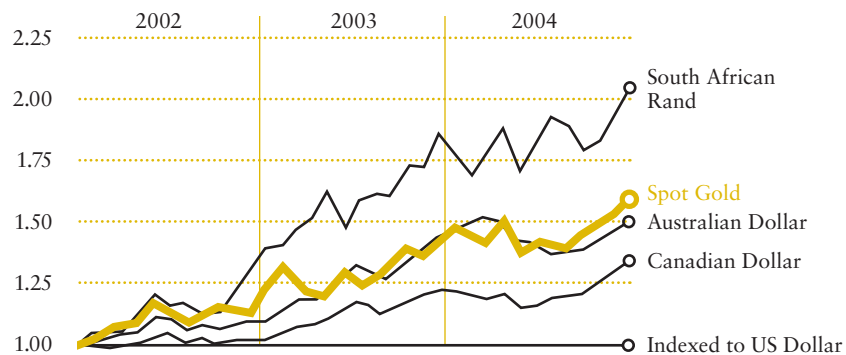


fig. 1 Gold Price and Currency Movements
Several currencies appreciated along with the gold price affecting profitability of mines in those regions.

In today's world, there is also a continuing rise in standards to be met when developing a new mine. Local communities are naturally interested in protecting their environment and sharing in the benefits of new mining developments. The relationship between the mining industry and the communities in which it operates is critical to the success of any new project. Obtaining and maintaining the social license to proceed with new and existing operations is more complex and sophisticated than ever. It is an ongoing challenge, and any successful mining company must be ready to meet it.

...and Barrick's response

The ultimate proof of a company's response is in its performance. In 2004, we responded to the challenges with good results and, more importantly, we positioned ourselves for future success.

Although our cash costs per ounce were up approximately 10% over 2003, the increase was within our target range, and below the industry average, because we were able to mitigate some of the inflationary and currency cost pressures through our cost management initiatives (outlined more fully later in this report). Most of the cost increase was due to a 10% decline in ounces produced, as both the Pierina and Goldstrike mines sequenced through lower grade ore during

the year. Production from these two mines is expected to return to better grades in 2005, which will have a beneficial impact on costs. In spite of the cost increase, Barrick emerged as the lowest-cost producer of the senior gold mining companies in 2004 – and we expect to maintain that ranking.

The inflationary pressure we experienced in 2004 is unlikely to be as severe in the coming year, as energy and commodity prices appear to have stabilized. Our quality portfolio of operating mines are mining at or near reserve grade, which means that cost pressure arising from having mined above reserve grade is not a significant factor for Barrick. Through our continuous improvement program, we will remain focused on managing our costs and maximizing our operating margins. Currency fluctuations remain a concern, as the outlook for the US dollar remains weak. While this is favorable for the US-dollar gold price, the benefit will only be realized if the cost of production is also US-dollar denominated. Currently, more than 70% of Barrick's cost of production is in US dollars and this percentage will grow to above 80% as the new mines come onstream. Barrick, of course, is hedged for most of its cost of production, through the deployment of hedging instruments to protect against currency volatility in our operations whose costs are not US-dollar based.

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In the long run, the fundamental response to the challenges we face is to invest in new high-quality, efficient, low-cost production. Barrick has done just that and will soon reap the rewards of that foresight. While the industry was retrenching, Barrick had the financial strength to aggressively invest in exploration and acquisitions. As a result, we are well along in the construction of three new mines, which will require a total investment of about \$1.2 billion. The expected average production from these new operations over their first three full years is 1.8 million ounces, with operating costs expected to be much lower than our current cost structure. We made outstanding headway on these new projects in 2004, having invested more than half of the capital required, and we are keen to move from development to production and optimization. Not only are we converting some 25 million ounces of reserves from our new projects into long-lived, cash flow generating assets, we are also delivering them into a sustained period of strong gold prices.

In addition, and unlike the industry as a whole, during 2004 we increased our proven and probable reserves. At year-end they stood at 89.1 million ounces, an increase of 8.6 million ounces before production depletion of 5.5 million contained ounces.

The key to Barrick's reserve growth is its exploration focus on assets in new prospective districts. Assets such as Veladero and Lagunas Norte have a much better chance to grow because of their unexplored potential and the large land packages involved. In 2004, our low-cost suite of development projects increased their reserves by nearly 15%. Clearly, our focus on strong land positions in some of the most prospective gold districts is paying off.

In 2004, we also continued our exploration success by finding new reserves on existing properties – for example, Goldstrike in Nevada added 2.3 million ounces to its reserves. In short, while the gold industry overall worked to ramp up exploration investment, Barrick was already reaping the rewards of having maintained its strong, consistent exploration program during the years when low gold prices led others to retrench.

These ambitious plans would not be possible without the financial strength to execute them. Barrick is able to fund its development projects without the need to raise additional equity. We expect to be able to fund a further \$1.5 billion at Pascua-Lama without the need for dilution.

Barrick’s definition of success includes more than financial metrics. We have always emphasized the importance of sustainable development, as this is our social license to operate mines in communities all around the globe. We strive to improve the communities in which we operate – not just through the royalties and various taxes our workforce and mines generate, but also through our focus on building strong working relationships with local communities. We operate with a high degree of transparency, and provide these communities with skills training, social benefits, local employment and access to medical assistance. Some of the highlights in 2004 include our partnership with World Vision in Peru, and the strengthening of our relationship with Habitat for Humanity, an NGO that is constructing housing in villages surrounding the Bulyanhulu Mine in Tanzania. Because of this deep, ongoing commitment to social responsibility, our social license to operate grows stronger every year. It is our calling card, and it continues to facilitate the successful development of our projects, worldwide.

We also strengthened the organization with the addition of a number of extraordinary new people – including, at the Board level, two additional independent directors. Presently, 8 of our 13 directors are independent.

We shall miss the wise counsel of Jack Thompson and John Carrington. Jack, the former Chairman and CEO of Homestake, has made an invaluable contribution to our organization since the 2001 merger, while John, our former COO, steered Barrick’s operations on the global stage for a decade. We are proud of our association with these two high-quality professionals, and wish them well in their future endeavors.

Finally, we remained highly focused on our people during the year, because people execute the business plan. The successful execution of that plan in 2004 reflected our ability to develop leaders, manage talent, and place the right people at every level of the organization. More than ever, Barrick is a dynamic, professional, growth-oriented organization that challenges, develops and rewards its people. During the year, we increased employees’ responsibilities and their accountability, which led to exceptional results.

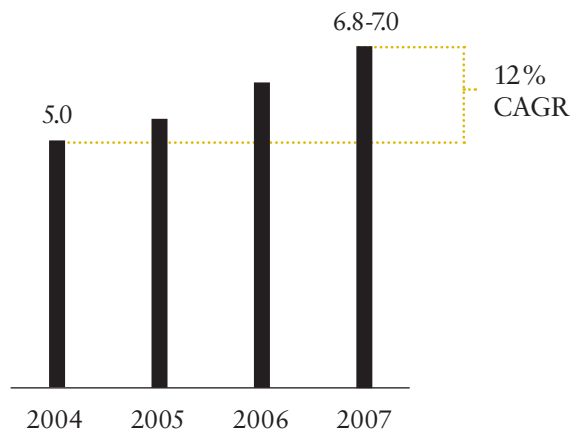


fig. 2 Growth Profile – Target Production 2004-2007
2004 was a year of building a new generation of mines targeted to drive Barrick’s future growth.



Peter Munk (left) and Gregory C. Wilkins (right).

The Year Ahead

Our objectives for 2005 are straightforward.

- > Deliver consistent growth in earnings and cash flow.
- > Focus on the execution of our development projects: Llaganas Norte, Veladero, Cowal, East Archimedes, and Pascua-Lama.
- > Build our resource base. Reserves are the lifeblood of a mining company, and our 2005 objective is to replace and augment both our reserves and resource base. By increasing our resource base, we prepare for the growth of reserves and production in the future.
- > Develop employees through an organization-wide culture of improvement and leadership.
- > Continue to grow the business, whether through success with the drill bit, asset optimization, or acquisition.
- > Ensure our employees' safety, protect the environment, and strengthen the communities in which we operate.

In last year's letter, we said that 2004 would be a year of building mines – and it was. We said our reorganization into regional business units put us on

track to achieve our business plan objective – and it did. We executed the plan, and our stakeholders benefited.

Finally, we told you that 2004 would position us for rising production and profitability in 2005 and beyond. It has.

Three of our new mines are expected to make a meaningful contribution to production in 2005, with the fourth coming onstream in first quarter 2006. Barrick will continue to meet the industry's challenges and run counter to industry trends, by delivering strong reserve development, new low cash-cost mines, a rising production profile, and the financial strength needed to execute our strategies and reward our stakeholders.

We have the strategies, the balance sheet, the social license and above all the people, to plan well and then execute. In 2005, all stakeholders will see a significant return on all the hard work and perseverance of the last few years.

Peter Munk
Chairman

Gregory C. Wilkins
President and
Chief Executive Officer

March 1, 2005