

Cost Management

Cost management is a strategic and collaborative process that goes beyond cost cutting. It is proactive, focuses on optimizing efficiency, and is aligned with Barrick's long-term business plan.

The Company's cost management strategy is focused on these key areas:

- > Development of high-quality, low-cost projects
- > A culture of continuous improvement
- > Supply chain management
- > Commodity and currency price protection
- > Capital investment

Development of high-quality projects

The cost structure of a mining company is largely dependent on the quality of the assets within that company's portfolio. Barrick is fortunate to have 12 quality operating mines and enjoys the lowest cash-cost structure of the senior gold producers. The Company looks to solidify this position as it brings two large low-cost development projects into production in 2005. Barrick also has three more quality projects in the development pipeline.

Continuous improvement

In its quest to achieve greater operating efficiencies and lower costs, Barrick continues to work towards a culture of continuous improvement in the organization. The attitude the workforce brings to each mine will dictate how effective the Company is at creating value. Continuous improvement fosters an environment of collaboration and knowledge-sharing, in which multidisciplinary teams work across time zones and geographic regions to solve common problems or to develop significant new opportunities.

Supply chain management

Because scale and scope are so large in mining, Barrick's ability to introduce efficiencies into the supply chain significantly affects both its profitability, and its continuing position as the lowest cash-cost senior producer in the gold industry. We are enhancing our management of supply chain issues through a shift in focus from the initial price of procuring materials, services and equipment, to a focus on their true total cost. In the long run, this approach leads to better strategic purchasing decisions and lower total costs.

Commodity and currency price protection

Inflationary pressures and exposures to exchange rates can significantly affect the Company's capital and operating costs. Barrick carefully assesses these exposures as part of its overall cost management exercise, and will proactively implement commodity and currency hedge positions to provide protection against adverse movements in these two areas.

Additional capital investment

As Barrick looks to minimize costs and maximize value, it is continually evaluating capital projects. Because of its long-life asset base, Barrick is prepared to make investments today that will result in significant long-term value to the organization.

Barrick's Portfolio of Properties

2004 Performance – 2005 Prospects

2004 Performance

In 2004, Barrick's portfolio of mines met its originally stated production and cost targets. Overall, its 12 operating mines had a solid year producing 4.96 million ounces of gold at an average total cash cost of \$212 per ounce¹. Production in 2004 was 10% lower than the prior year as expected, primarily as a result of mining lower-grade ore at Goldstrike Open Pit, Pierina and Eskay Creek, partly offset by higher production at Bulyanhulu.

For the year, seven of Barrick's mines met or exceeded our 2004 production forecasts, with significant increases at Goldstrike Open Pit, Kalgoorlie and Round Mountain offsetting shortfalls at the Goldstrike Underground, Plutonic and Hemlo mines. Total cash costs for 2004 – although the lowest for all senior gold producers – were 12% higher than 2003. This was primarily a result of expected processing of lower-grade ore at Goldstrike Open Pit, Round Mountain and Pierina, combined with the effect of changes in average currency hedge rates on total cash costs at our Australian mines.

At year-end 2004, proven and probable gold reserves increased to over 89 million ounces calculated at a \$375 per ounce gold price. The Company's suite of quality development projects increased their reserves by about 15%. While the Company's overall reserves increased by approximately 4%, there was a decline in reserves at some of the older underground mines with short remaining mine lives. Silver contained in Barrick's gold reserves at year end is 911 million ounces² and is primarily derived from the Pascua-Lama deposit, one of the largest silver resources in the world, which contains 643 million ounces of silver.

2005 Prospects

Overall for 2005, the Company anticipates producing 5.4 to 5.5 million ounces at an average total cash cost of \$220-\$230 per ounce as three new mines come onstream throughout the year. Tulawaka in Tanzania came into production in the first quarter, Lagunas Norte in Peru is expected to start contributing to production in the third quarter, followed by Veladero in Argentina in the fourth quarter. Accordingly, production and total cash costs in the second half of 2005 are expected to improve significantly. Construction will continue on Cowal in Australia which is anticipated to come into production in early 2006.

1. See page 67 for a discussion of non-GAAP measures.

2. See page 129 for details.

Operational Summary

North
America

For year ending December 31

		Goldstrike Property Total	Goldstrike Open Pit	Goldstrike Underground	Round Mountain Mine	Eskay Creek Mine
Operational Statistics						
Tons Mined (000s)	2004	135,785	134,212	1,573	19,743	269
	2003	143,324	141,693	1,631	24,563	272
Tons Processed (000s)	2004	12,345	10,779	1,566	36,963	263
	2003	11,663	10,041	1,622	31,470	275
Grade Processed (ounces per ton)	2004	0.18	0.15	0.40	0.02	1.18
	2003	0.22	0.19	0.39	0.02	1.43
Recovery Rate (percent)	2004	86.2	85.1	89.7	–	93.1
	2003	83.6	82.0	88.3	–	93.7
Gold Production (000s of ounces)	2004	1,942	1,381	561	381	290
	2003	2,111	1,559	552	393	352
Mineral Reserves* (000s of ounces)	2004	19,158	16,188	2,970	1,538	513
	2003	19,145	15,685	3,460	1,583	941

Financial Statistics

Production costs per ounce

Cash Operating Costs	2004	\$231	\$231	\$234	\$187	\$26
	2003	220	215	234	150	48
Royalties and Production Taxes	2004	18	16	21	34	5
	2003	18	18	19	23	4
Total Cash Costs	2004	\$249	\$247	\$255	\$221	\$31
	2003	238	233	253	173	52
Amortization	2004	79	61	120	46	176
	2003	72	53	122	54	132
Total Production Costs	2004	\$328	\$308	\$375	\$267	\$207
	2003	310	286	375	227	184
Capital Expenditures (millions)	2004	\$72	\$42	\$30	\$5	\$7
	2003	51	23	28	6	5

2004

Barrick's Total Production (ounces)	4,957,889
Barrick's Total Cash Cost (per ounce)	\$212
Barrick's Total Mineral Reserves (ounces)	89,056,000

OPERATIONS REVIEW

		South America	Africa	Australia				
Hemlo Mine	Holt-McDermott Mine	Pierina Mine	Bulyanhulu Mine	Kalgoorlie Mine	Plutonic Mine	Darlot Mine	Lawlers Mine	
4,715	380	40,225	1,118	45,459	13,722	896	3,365	
4,178	557	39,501	945	48,677	14,180	876	1,152	
2,019	394	16,746	1,123	7,142	2,662	861	866	
1,971	559	15,839	980	7,171	3,010	879	806	
0.13	0.15	0.03	0.35	0.07	0.13	0.17	0.13	
0.14	0.17	0.07	0.36	0.07	0.12	0.18	0.13	
94.0	93.1	–	88.4	86.6	90.0	95.8	96.1	
95.0	94.3	–	88.1	85.8	89.9	96.9	95.8	
247	55	646	350	444	304	140	110	
268	90	912	314	436	334	155	99	
1,260	–	2,508	10,596	5,181	2,512	1,048	405	
1,744	55	2,768	10,907	5,894	2,646	1,135	402	
\$231	\$197	\$106	\$270	\$223	\$214	\$203	\$238	
218	239	83	235	201	185	156	241	
9	–	–	13	8	9	7	8	
8	–	–	11	8	8	8	8	
\$240	\$197	\$106	\$283	\$231	\$223	\$210	\$246	
226	239	83	246	209	193	164	249	
50	114	165	99	44	34	53	53	
40	131	182	123	48	31	52	42	
\$290	\$311	\$271	\$382	\$275	\$257	\$263	\$299	
266	370	265	369	257	224	216	291	
\$8	–	\$8	\$46	\$10	\$15	\$7	\$5	
10	–	17	36	14	44	7	14	

* For reserve table see page 126.

Barrick's Portfolio of Properties

North America

Barrick's North America region consists of the Goldstrike, Round Mountain and Marigold mines in the US, plus the Hemlo and Eskay Creek mines in Canada. East Archimedes in Nevada is a new development project which is expected to contribute to production in mid-2007. This region contains proven and probable gold reserves representing 27% of our reserve base, or 24.3 million ounces.

In 2004, North America produced 2.96 million ounces of gold at average total cash costs of \$222 per ounce.

At the Company's North American operations, production is projected to decline slightly in 2005, primarily as a result of processing lower-grade ore at Eskay Creek and the depletion of reserves at Holt-McDermott in 2004. In 2005, the region is expected to produce about 2.8 million ounces at an average total cash cost of about \$245 per ounce.

South America

South America consists of the Pierina Mine and three significant development projects: Lagunas Norte and Veladero, which are expected to contribute to production in the second half of 2005, and Pascua-Lama, which is expected to come onstream in 2009. (See "Development Projects", page 11.) The region contains 47% of the Company's overall proven and probable gold reserves, or 42.1 million ounces.

The Pierina mine produced about 646,000 ounces at an average total cash cost of \$106 per ounce.

In 2005, South American production will increase by about 90% to about 1.2 million ounces of gold, as Lagunas Norte and Veladero commence production in the second half of the year. Total cash costs are expected to be about \$133 per ounce.

Australia/Africa

Barrick's Australia/Africa region consists of the Kalgoorlie, Plutonic, Darlot and Lawlers mines in Australia, and Bulyanhulu and the recently producing Tulawaka mine in Tanzania. One new development project, Cowal in Australia, is projected to commence production in early 2006. The region contains 26% of the Company's overall proven and probable gold reserves, or 22.6 million ounces.

In 2004, Australia/Africa production reached 1.35 million ounces of gold at an average total cash cost of \$241 per ounce.

In the Australia/Africa region for 2005, Barrick's six operations are expecting collective production of about 1.4 million ounces of gold, at increased total cash costs of about \$257 per ounce.