Letter to Shareholders

Peter Munk, Chairman (left)
Gregory C. Wilkins, President and Chief Executive Officer

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Dear Shareholders,

2005 was a transformative year for our Company. We brought three new mines into production, met or exceeded our financial and other targets in almost every area of our business, and launched a successful bid to acquire Placer Dome Inc.

As a result, Barrick now holds a preeminent position within the gold mining industry. We are one of the very few with the strength, breadth and scale to handle the challenges facing our sector, and seize its equally significant opportunities.

The Company now deals from strength. Going forward, it will enjoy the advantages of scale that are critical for continuing, long-term success in our industry. We will discuss the transaction and its value to shareholders at greater length later in this letter, but first want to take this opportunity to welcome our new shareholders. The entire Barrick team respects the skills of Placer Dome employees, and looks forward to working with them in this great new venture. Together, we are building a much stronger enterprise that will create value for shareholders, employees, and the communities in which we live and work.

While the acquisition was certainly the biggest news of 2005, it does not exist in isolation. It was made possible by the success of the comprehensive business plan that we initiated in 2003. We have been methodically implementing it ever since, with a single overriding objective: to create value for shareholders. Indeed, Barrick shares outperformed the Philadelphia Gold and Silver Sector Index from 2003 until we launched our bid for Placer Dome. We expect that they will provide superior value once again, as we deliver on the strategic rationale of the acquisition.

In following our business plan, we reorganized Barrick into the decentralized regional business units that now serve our expanding global activities so well, and we made a Company-wide commitment to leadership, urgent action, accountability, and results. We developed cost-mitigation strategies to address industry-wide pressures, and we laid out an aggressive schedule for bringing into production six new mines between 2005 and 2009.

Three of those new mines came into production in 2005, and a fourth project, Cowal, continued to advance. Collectively, they came within 5% of our overall $1.2 billion development budget, discussed in the 2004 Letter to Shareholders. The new mines helped drive rising production and profitability during the year, just as we anticipated in last year's annual report.

We posted excellent financial results in 2005, and our production and cash costs were in line with our original guidance, in a difficult cost environment. We further strengthened our management team during the year, and we maintained our strong commitment to responsible mining through our health and safety, environmental, and community development programs.

With this strong year behind us, we are confident that we will complete the integration of Placer Dome quickly and effectively, and begin realizing the synergies and potential of this powerful new company.

Gold Price, Industry Issues… and the Barrick Strategy

We are now shaping Barrick to ensure we remain an industry leader. Gold prices and the outlook for gold are both strong, yet the industry continues to face very significant challenges. We will continue to address those challenges and improve our competitive position, while reaping gold-price benefits.

Gold had an excellent year in 2005, with highs that had not been seen since 1981. The rally, which began in 2001 and was originally driven by a declining US dollar, is now widely considered to be based on fundamentals. Global investment demand more than doubled in 2005; the combined gold holdings of all gold ETFs (Exchange Traded Funds) rose by 115%; and some central banks have suggested that they may add to reserves.

Against this backdrop of growing demand, supply is flat. The industry's overall lack of investment in exploration and development, between 1998 and 2003, is now being felt. There are few new major discoveries, and mine production rose by a modest 1% in 2005.

All of this is bullish for the gold price, but it comes at a time of challenges for the industry. Attractive deposits are in increasingly remote locations; permitting and review is more rigorous and time-consuming; capital and operating costs are higher; social responsibility standards, rightly, continue to rise; and the expertise needed to produce gold is at a greater premium than ever before.

Few companies will be able to benefit from today's opportunities, because few have the track record and strength to handle this array of challenges. Barrick is one of the few.

We have consistently maintained our investment in exploration and development, and have the new mines and pipeline of development projects to show for it. We have the expertise, financial strength and corporate good citizenship to meet the technical, regulatory, environmental, and community requirements now associated with producing gold – profitably, and responsibly. All this places us in a very strong competitive position.

Delivering Value in 2005

In 2005, net income increased 62% to $401 million and cash flow from operations rose 43% to $726 million.

Profits increased, as production rose from 1.1 million ounces in the first quarter to 1.65 million ounces by year-end. The new generation of mines drove these increases, and can be expected to continue with their contribution in 2006, the first full year of production for all three.

Barrick was the only senior producer to be in line with its original production and cash cost guidance for 2005. We produced 5.46 million ounces of gold and our total cash cost per ounce for the year was $227.

We have an unrelenting focus on cost-mitigation. Our currency and commodity hedging programs help us avoid cost pressures in these areas, or greatly reduce their impact.

We also continue to strengthen our continuous improvement and supply chain management programs.

The industry's tire shortage is a good example of the success of our approach. We are increasing the life of our existing tires by as much as 25% and we are using our purchasing power to ensure a more dependable tire supply.

We are finding other innovative ways to manage costs. For example, we commissioned our own electric power facility at Goldstrike, the Western 102 Power Plant, in early November – the first business in Nevada to take advantage of the right to leave the regulated grid.

As a result of these and other initiatives, Barrick remained the lowest-cost senior producer in 2005.

Production increased each quarter throughout the year, to meet our expectations for 2005 and post a 10% increase over 2004.

During 2005, three development projects achieved start-up and became producing mines:

- Tulawaka (Tanzania) in Q1, a small but high-return operation, which builds upon our presence in Tanzania;
- Lagunas Norte (Peru) in Q2, with proven and probable gold reserves of 8.3 million ounces; and
- Veladero (Argentina) in Q4, with proven and probable reserves of 12.6 million ounces of gold, marking the start of production from the highly prospective Frontera District on the Chile/Argentina border.

Our strong financial results for 2005 reflect three key factors: growth in production, due to the contribution made by our three new mines; the rising gold price; and our focus on keeping cash costs low so as to expand our operating margins.

The Way Ahead

The Placer Dome acquisition will deliver value to shareholders from the assets, people and projects of the combined companies. Placer Dome's key assets lie in close proximity to Barrick's, and our collective projects comprise an unrivalled pipeline for growth. The fit is excellent.

We expect the acquisition to be accretive to Net Asset Value, reserves, resources and production per share, and to allow us to capture $200 million worth of synergies a year, beginning in 2007. Yet the ultimate importance of this transaction, and its value to shareholders, goes beyond those numbers. The power of this combination allows us to deal from strength, in an environment where only the best and the strongest will thrive. We did not acquire Placer Dome to become the largest gold company in the world. We acquired it to ensure that our shareholders and employees will thrive.

Today Barrick can run operations, build and finance projects, manage the supply chain, attract and retain personnel, and in every area execute our work better than before, because of this new depth of talent and resources. We have the scale and strength to address the challenges facing the industry, and capitalize on its opportunities as well.

2005 was truly a landmark year for Barrick. It was the culmination of years of planning and execution, and financial discipline, which positioned us for the great step forward – the acquisition of Placer Dome.

Delivering Value: the Outlook for 2006

A core priority for 2006 is the effective and timely integration of Placer Dome. We began to implement the integration plan the day after we acquired control of the company. We are approaching this objective with the same rigor and urgency that characterize all key corporate initiatives, such as our development projects. We will focus all our energies on building Barrick, capturing the synergies, and delivering value.

In 2006, we will benefit from the first full year of production for each of the three mines brought on-stream in 2005, and from our new Cowal Mine as well. It will be the seventh mine we have brought into production since 1996. Seven mines in ten years – an unequalled track record. We are also making progress with the East Archimedes project in Nevada, where production is expected to begin in 2007. With the approval of Pascua-Lama by the Chilean authorities, the next milestone for the project is approval in Argentina. With construction expected to begin later this year, Pascua-Lama is targeted to commence production in 2009.

With the acquisition of Placer Dome, we are now applying our depth of exploration and development expertise to the entire combined pipeline of projects, which will drive growth and create value for the Company well into the future.

In summary, 2005 was truly a landmark year for Barrick. It was the culmination of years of planning and execution, and financial discipline, which positioned us for the great step forward – the acquisition of Placer Dome. We wish here to pay tribute to our employees, for all this is truly their achievement.

We also wish to pay tribute to Angus MacNaughton, a valued colleague who joined the Company's Board of Directors in 1986, was Vice-Chairman during a critical growth period, and is now retiring. He has provided wise counsel over the years and will be missed. At the same time, we welcome three former Placer Dome directors to our own Board: Donald J. Carty, John W. Crow and Robert M. Franklin, and another independent director, Brett Harvey. Their knowledge and support will benefit our Company and its combined shareholders and dedicated employees.

On a more personal note, the two of us have been close business associates and colleagues since bringing Barrick into the gold mining business in 1983. From that standing start, we have nurtured Barrick to its current position of strength, scale and industry leadership. Building on fundamental business principles, we will continue to focus on performance for the benefit of all Barrick's stakeholders.

Peter Munk
Chairman

Gregory C. Wilkins
President and Chief
Executive Officer