

Building Mines

A deep portfolio of projects, while essential, is only the start. You must then develop them – in a timely, cost-effective manner that respects all social and environmental criteria as well as the technical demands of the site.

It is a complex process, and Barrick's history shows we handle it well: since 2004, we have brought five mines into production, in a range of jurisdictions. Ruby Hill, the most recent example, came into production in February 2007 – right on schedule, and below budget for construction costs. Experience is an important factor in our success and we have acquired a deep understanding of the best ways to handle the challenges associated with designing, permitting, financing and building projects.

We have ensured that the other factors for success are in place as well. We have the people, the structures and the financial resources – all the elements that allow us to make full, effective use of everything that we have learned about building mines over the years.

Factors for Success

Barrick has the depth of project pipeline to attract people who excel at building mines, and the entrepreneurial corporate culture to reward and retain them once they have joined us. We have a dedicated team of project development professionals, each with the experience, technical expertise, and commitment needed to get the job done.

While each major project has its own leader, that person reports to our Capital Projects Group, which is responsible for project development worldwide. This team, based in head office, consults as appropriate with Barrick's functional areas and members of our Regional Business Units, and ultimately reports to Barrick's Chief Operating Officer. We strengthened this team with additions during 2007, and will continue to do so going forward.

The single-team approach also facilitates synergies among projects, for equipment and scheduling purposes, and helps us systematically capture and apply best practices on a global scale.

Mine-building is now more costly than ever. Barrick is uniquely positioned to meet those demands, with the industry's highest rated balance sheet, \$2.2 billion in

cash, net debt of only \$0.9 billion and a \$1.5 billion undrawn credit facility at the end of 2007. We are able to provide the substantial upfront capital requirements of mine development through a combination of operating cash flow and new financings and without the need to issue equity.

We not only have the funds, we have the techniques for tracking and controlling development costs, and for structuring project financing for maximum efficiency. Barrick's continued emphasis on Supply Chain Management, for example, allows us to leverage our scale and supplier relationships for mutually beneficial arrangements for the procurement of capital items.

The final element in this mine-building equation is our approach to community and government relations. Our commitment to social responsibility is a Barrick hallmark, and one of the key reasons for our ongoing success. At every site, our goal is to work constructively with local people and their governments so that their community and our Company both achieve long-term benefits.



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