

Notes to Consolidated Financial Statements

Barrick Gold Corporation. Tabular dollar amounts in millions of United States dollars, unless otherwise shown. References to C\$, A\$, ZAR, EUR, CLP, ARS, PGK and TZS are to Canadian dollars, Australian dollars, South African Rands, Euros, Chilean Pesos, Argentinean Pesos, Papua New Guinea Kina and Tanzanian Schillings respectively.

1 ▪ Nature of Operations

Barrick Gold Corporation (“Barrick” or the “Company”) principally engages in the production and sale of gold, as well as related activities such as exploration and mine development. We also produce some copper and hold interests in a platinum group metals development project and a nickel development project, both located in Africa, and a platinum group metals project located in Russia. Our mining operations are concentrated in our four regional business units: North America, South America, Africa and Australia Pacific. We sell our gold production into the world market and we sell our copper production into the world market and to private customers.

2 ▪ Significant Accounting Policies

a) Basis of Preparation

These consolidated financial statements have been prepared under United States generally accepted accounting principles (“US GAAP”). In 2007, we amended the income statement classification of certain income and expense items, including non-hedge derivative gains and losses (see note 2e), to provide enhanced disclosure of significant business activities and reflect the increasing significance of amounts spent on those activities. To ensure comparability of financial information, prior year amounts have been reclassified to reflect changes in the financial statement presentation.

b) Principles of Consolidation

These consolidated financial statements include the accounts of Barrick Gold Corporation and those entities we have the ability to control either through voting rights or means other than voting rights. FIN 46R provides guidance on the identification and reporting of entities controlled through means other than voting rights and defines such entities as variable interest entities (“VIEs”). We apply this guidance to all entities, including those in the development stage, except for unincorporated joint ventures, which are outside the scope of FIN 46R. For VIEs where we are the primary beneficiary, we consolidate the entity and record a non-controlling interest, measured initially at its estimated fair value, for the interest held by other entity owners. For VIEs where we are not the primary beneficiary we use the equity method of accounting.

For incorporated joint ventures (“JVs”) where we have the ability to exercise control, subject in some cases to protective rights held by our JV partners, we consolidate the JV and record a non-controlling interest for the interest held by our JV partner. For incorporated JVs where we do not have the ability to exercise control, we account for our investment using the equity method of accounting. For unincorporated JVs under which we hold an undivided interest in the assets and liabilities of the joint venture, we include our pro rata share of the assets and liabilities in our financial statements.

The following table illustrates our policy used to account for significant entities where we hold less than a 100% economic interest. We consolidate all other wholly owned entities.

Consolidation Method at December 31, 2007

	Entity type at December 31, 2007	Economic Interest	Method
North America			
Round Mountain Mine	Unincorporated JV	50%	Pro Rata
Hemlo Property Mine	Unincorporated JV	50%	Pro Rata
Marigold Mine	Unincorporated JV	33%	Pro Rata
Cortez Mine ¹	Unincorporated JV	60%	Pro Rata
Turquoise Ridge Mine	Unincorporated JV	75%	Pro Rata
Pueblo Viejo Project	VIE	60%	Consolidation
Donlin Creek Project ²	VIE	50%	Equity Method
South America			
Cerro Casale Project	VIE	51%	Equity Method
Australia			
Kalgoorlie Mine	Unincorporated JV	50%	Pro Rata
Porgera Mine ³	Unincorporated JV	95%	Pro Rata
Reko Diq Project ⁴	VIE	37.5%	Equity Method
Africa			
Tulawaka Mine	Corporate Joint Venture	70%	Consolidation
Kabanga Project ⁵	VIE	50%	Equity Method
Sedibelo Project ⁶	Not Applicable	50%	Consolidation
Russia			
Fedorova Project ⁷	VIE	50%	Consolidation

1. Including Cortez Hills Project.

2. For the period from January 2006 until November 2007, we recorded our proportionate 70% share of project expenditures in project development expense based on the previous joint venture agreement. Effective in November 2007, a new agreement was reached with our partner which caused us to classify our interest as an equity method investment on a prospective basis (note 12).

3. We hold an undivided interest in our share of assets and liabilities at the Porgera mine. In August 2007, we increased our ownership interest from 75% to 95% (note 3e).

4. We hold a 50% interest in Atacama Copper, which has a 75% interest in the Reko Diq project. We use the equity method to account for our interest in Atacama Copper (note 12).

5. In accordance with an agreement with our partner, in 2007 and 2006 our partner was responsible for funding 100% of exploration and project expenditures and we did not record any amounts for our economic interest in this period. After our partner has funded \$145 million of exploration and project expenditures we will be responsible for funding our share of future expenditures. At December 31, 2007 our partner had spent \$103 million of this funding commitment.

6. Until completion of a bankable feasibility study ("BFS"), we are responsible for funding 100% of project expenditures at the Sedibelo project. In the year ended December 31, 2007, we recorded project development expenses totaling \$22 million (2006: \$10 million). On completion of a BFS, as part of our earn-in agreement, we are entitled to earn a 50% economic interest in the entity that owns the Sedibelo project and to recoup from our partner their 50% share of the costs to complete the BFS.

7. In accordance with our agreement with minority shareholders, we have an earn-in option for an additional 29% interest in the entity that owns the rights to the Fedorova project (for a total 79% interest), provided that we deliver a BFS by January 1, 2009. We are responsible for funding 100% of project expenditures until the BFS is finalized, and therefore a non-controlling interest has not been recorded through December 31, 2007.

Entities Consolidated using the Pro Rata Method Income Statement and Cash Flow Information (100%)

For the years ended December 31	2007	2006	2005
Revenues	\$ 2,076	\$ 1,776	\$ 1,009
Costs and expenses	(1,665)	(1,457)	(796)
Net income	\$ 411	\$ 319	\$ 213
Operating activities ¹	\$ 147	\$ 473	\$ 318
Investing activities ¹	\$ (139)	\$ (284)	\$ (75)
Financing activities ^{1,2}	\$ 81	\$ (185)	\$ (237)

1. Net cash inflow (outflow).

2. Includes cash flows between the joint ventures and joint venture partners.

Balance Sheet Information (100%)

At December 31	2007	2006
Assets		
Inventories	\$ 430	\$ 365
Property, plant and equipment	2,620	2,468
Other assets	462	126
	\$ 3,512	\$ 2,959
Liabilities		
Current liabilities	\$ 216	\$ 205
Long-term obligations	267	202
Deferred tax	47	42
	\$ 530	\$ 449

Non-controlling Interests – Income Statement

For the years ended December 31	2007	2006	2005
Pueblo Viejo project	\$ 30	\$ 9	\$ –
Tulawaka mine	(16)	(8)	(2)
Other	–	–	1
	\$ 14	\$ 1	\$ (1)

c) Foreign Currency Translation

The functional currency of all our operations is the US dollar. We translate non-US dollar balances into US dollars as follows:

- Property, plant and equipment, intangible assets and equity method investments using historical rates;
- Available-for-sale securities using closing rates with translation gains and losses recorded in other comprehensive income;
- Asset retirement obligations using historical rates;
- Long-term debt using closing rates;
- Deferred tax assets and liabilities using closing rates with translation gains and losses recorded in income tax expense;
- Other assets and liabilities using closing rates with translation gains and losses recorded in other income/expense; and

- Income and expenses using average exchange rates, except for expenses that relate to non-monetary assets and liabilities measured at historical rates, which are translated using the same historical rate as the associated non-monetary assets and liabilities.

d) Use of Estimates

The preparation of these financial statements requires us to make estimates and assumptions. The most significant ones are: quantities of proven and probable mineral reserves; fair values of acquired assets and liabilities under business combinations, including the value of mineralized material beyond proven and probable mineral reserves; future costs and expenses to produce proven and probable mineral reserves; future commodity prices for gold, copper, silver and other products; the future cost of asset retirement obligations; amounts and likelihood of contingencies; the fair values of reporting units that include goodwill; and uncertain tax positions. Using these and other estimates and assumptions, we make various decisions in preparing the financial statements including:

- The treatment of expenditures at mineral properties prior to when production begins as either an asset or an expense (note 15);
- Whether tangible and intangible long-lived assets are impaired, and if so, estimates of the fair value of those assets and any corresponding impairment charge (note 15);
- Our ability to realize deferred income tax assets and amounts recorded for any corresponding valuation allowances (note 23);
- The useful lives of tangible and intangible long-lived assets and the measurement of amortization (note 15);
- The fair value of asset retirement obligations (note 21);
- Whether to record a liability for loss contingencies and the amount of any liability (notes 15 and 28);
- Whether investments are other than temporarily impaired (note 12);
- The amount of income tax expense (note 9);
- Allocations of the purchase price in business combinations to assets and liabilities acquired, including goodwill (notes 3 and 17);
- Whether any impairments of goodwill have occurred and if so the amounts of impairment charges (note 17);
- Transfers of value beyond proven and probable reserves to amortized assets (note 15);
- Amounts recorded for uncertain tax positions (note 23), and
- The timing and amounts recorded of proceeds for insurable losses under insurance claims (note 15).

As the estimation process is inherently uncertain, actual future outcomes could differ from present estimates and assumptions, potentially having material future effects on our financial statements.

e) Accounting Changes

Accounting Changes Implemented in 2007

FSP AUG AIR-1 – Accounting for Planned Major Maintenance Activities (FSP AIR-1)

On January 1, 2007, we adopted FSP AIR-1 which amends guidance from the AICPA Industry Audit Guide, Audits of Airlines (“Airline Guide”) with respect to planned major maintenance activities and makes this guidance applicable to entities in all industries. Of the three methods of accounting for planned major maintenance allowed by FSP AIR-1, we adopted the built-in overhaul method. The built-in overhaul method is based on segregation of plant and equipment costs into those that should be depreciated over the useful life of the asset and those that require overhaul at periodic intervals. The estimated cost of the overhaul component included in the purchase price of an asset is set up separately from the cost of the asset and is amortized to the expected date of the initial overhaul. The cost of the initial overhaul is then capitalized and amortized to the next overhaul, at which time the process is repeated. We adopted FSP AIR-1 on January 1, 2007. The implementation of this standard did not have a material impact on our Financial Statements.

FASB Interpretation No. 48 – Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109 (Accounting for Income Taxes) (FIN 48)

In June 2006, the Financial Accounting Standards Board (FASB) issued FIN 48 to create a single model to address accounting for uncertainty in tax positions. FIN 48 clarifies the accounting for income taxes, by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on de-recognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006.

We adopted the provisions of FIN 48, Accounting for Uncertainty in Income Taxes, on January 1, 2007. As a result of the implementation of FIN 48, no adjustment was required to the liability for unrecognized tax benefits.

Change in Financial Statement Presentation – Derivative Gains and Losses

In 2007, we made a change in the financial statement classification of changes in the fair value of derivative instruments that do not qualify for hedge accounting under FAS 133 (non-hedge derivatives), which was retroactively applied. Prior to this change, we recorded the change in fair value of all non-hedge derivative gains and losses as a component of other income, with the exception of changes in the fair value of embedded derivatives implicit in concentrate sales contracts, which were recorded as a component of revenue.

Beginning in 2007, we record changes in the fair value of non-hedge derivatives in a manner consistent with the intended purpose of the instrument as follows: gold and copper derivative instruments are recorded in revenue; silver and fuel derivative contracts are recorded in cost of sales; interest rate swaps are recorded in interest income or interest expense, depending on the intended purpose of the swap; and share purchase warrants are recorded in other income.

The impact of this change in accounting policy for prior periods was as follows:

	Increase (decrease)	
For the years ended December 31	2006	2005
Gold revenue	\$ 8	\$ (2)
Copper revenue	(14)	–
Cost of sales	5	(16)
Other expense	–	20
Interest income	9	–
Interest expense	–	(4)
Other income	2	2

Accounting Changes Implemented in 2006

FAS 123R, Accounting for Stock-Based Compensation

On January 1, 2006, we adopted FAS 123R. Prior to this date we applied FAS 123 and accounted for stock options under the intrinsic value method, recording compensation cost for stock options as the excess of the market price of the stock at the grant date of an award over the exercise price. Historically, the exercise price of stock options equaled the market price of the stock at the grant date resulting in no recorded compensation cost. We provided pro forma disclosure of the effect of expensing the fair value of stock options.

We adopted FAS 123R using the modified prospective method, which meant that financial statements for periods prior to adoption were not restated. From January 1, 2006 we recorded compensation expense for all new stock option grants based on the grant date fair value, amortized on a straight-line basis over the vesting period. We also recorded compensation expense for the unvested portion of stock option grants occurring prior to January 1, 2006, based on the grant date fair value that was previously estimated and used to provide for pro forma disclosures for financial statement periods prior to 2006, amortized on a straight-line basis over the remaining vesting period for those unvested stock options. Details of stock-based compensation expense are included in note 26.

The application of FAS 123R to Restricted Share Units (RSUs) and Deferred Share Units (DSUs) did not result in any significant change in the method of accounting for RSUs or DSUs.

FAS 151, Inventory Costs

FAS 151 specifies the general principles applicable to the pricing and allocation of certain costs to inventory. Under FAS 151, abnormal amounts of idle facility expense, freight, handling costs and wasted materials are recognized as current period charges rather than capitalized to inventory. FAS 151 also requires that the allocation of fixed production overhead to the cost of inventory be based on the normal capacity of production facilities.

FAS 151 was applicable prospectively from January 1, 2006 and we modified our inventory accounting policy consistent with its requirements. Under our modified accounting policy for inventory, production-type costs that are considered abnormal are excluded from inventory and charged directly to the cost of sales. Interruptions to normal activity levels at a mine could occur for a variety of reasons including equipment failures and major maintenance activities, strikes, power supply interruptions and adverse weather conditions. When such interruptions occur we evaluate the impact on the cost of inventory produced in

the period, and to the extent the actual cost exceeds the cost based on normal capacity we expense any excess directly to cost of sales. The adoption of FAS 151 did not have any significant effect on our financial statements.

FAS 158, Employers' Accounting for Defined Benefit Pension and Other Post-retirement Plans

In September 2006, the FASB issued FAS 158 that requires employers to fully recognize the obligations associated with single-employer defined benefit pension, retiree health care and other post-retirement plans in their financial statements. FAS 158 was developed to respond to concerns that past accounting standards needed to be revisited to improve the transparency and usefulness of the information reported. Under past accounting standards, the funded status of an employer's post-retirement benefit plan (i.e., the difference between the plan assets and obligations) was not completely reported in the balance sheet. Employers reported an asset or liability that differed from the plan's funded status because previous accounting standards allowed employers to delay recognition of certain changes in plan assets and obligations that affected the costs of providing such benefits. Past standards only required an employer to disclose the funded status of its plans in the notes to the financial statements.

FAS 158 requires recognition of the funded status of a benefit plan on the balance sheet – measured as the difference between plan assets at fair value (with limited exceptions) and the benefit obligation, as at the fiscal year-end. For a pension plan, the benefit obligation is the projected benefit obligation; for any other post-retirement benefit plan, such as a retiree health care plan, the benefit obligation is the accumulated post-retirement benefit obligation. FAS 158 also requires recognition, as a component of other comprehensive income, net of tax, of the gains or losses and prior service costs or credits that arise during the period but are not recorded as components of net periodic benefit cost. Amounts recorded in accumulated other comprehensive income are adjusted as they are subsequently recorded as components of net periodic cost. FAS 158 requires disclosure of information about certain effects of net periodic benefit cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits, and transition asset or obligation.

We adopted the provisions of FAS 158 in 2006, as required, except for the requirement to measure the plan assets and benefit obligations at the fiscal year-end, which is effective in fiscal years ending after December 15, 2008. The adoption of FAS 158 did not significantly impact our financial statements.

**SEC Staff Accounting Bulletin No. 108 –
Considering the Effects of Prior Year Misstatements
when Quantifying Misstatements in Current Year
Financial Statements (SAB 108)**

In September 2006, the SEC issued SAB 108, which was effective in fourth quarter 2006 for Barrick. SAB 108 addresses the multiple methods used to quantify financial statement misstatements and evaluate the accumulation of misstatements on the balance sheet. SAB 108 requires registrants to evaluate prior period misstatements using both a balance sheet approach (“the iron curtain method”) and an income statement approach (“the rollover method”). Barrick historically used the rollover method in quantifying potential financial statement misstatements. As required by SAB 108, we re-evaluated prior period immaterial errors using the iron curtain method. Based upon the result of our evaluation, we did not identify any material errors or misstatements that were previously deemed not material under the rollover approach.

Accounting Changes Implemented in 2005

**EITF 04-6 Accounting for Stripping Costs Incurred
During Production in the Mining Industry**

In 2005, we adopted EITF 04-6 and changed our accounting policy for stripping costs incurred in the production phase. Prior to adopting EITF 04-6, we capitalized stripping costs incurred in the production phase, and we recorded amortization of the capitalized costs as a component of the cost of inventory produced each period. Under EITF 04-6, stripping costs are recorded directly as a component of the cost of inventory produced each period. Using an effective date of adoption of January 1, 2005, we recorded a decrease in capitalized mining costs of \$226 million; an increase in the cost of inventory of \$232 million; and a \$6 million credit to earnings for the cumulative effect of this change. For 2005, the effect of adopting EITF 04-6 compared to the prior policy was an increase in net income of \$44 million (\$0.08 per share), excluding the cumulative effect on prior periods.

f) Accounting Developments

FAS 157, Fair Value Measurements (FAS 157)

In September 2006, the FASB issued FAS 157 that provides enhanced guidance for using fair value to measure assets and liabilities. FAS 157 is meant to ensure that the measurement of fair value is more comparable and consistent, and improve disclosure about fair value measures. As a result of

FAS 157, there is now a common definition of fair value to be used throughout US GAAP. FAS 157 applies whenever US GAAP requires (or permits) measurement of assets or liabilities at fair value. FAS 157 does not address when the use of fair value measurements is required.

In December 2007 the FASB issued FSP FAS 157-b, which provided a one year deferral until January 1, 2009 for the implementation of FAS 157 for non-financial assets and liabilities. The deferral is intended to provide the FASB additional time to consider the effects of various implementation issues that have arisen, or that may arise, from the application of FAS 157. Barrick is required to implement FAS 157 for financial assets and liabilities that are carried at fair value effective January 1, 2008. We do not expect the adoption of FAS 157 to have any significant impact on valuations of investments or derivative instruments.

**FAS 159 – The Fair Value Option for Financial Assets
and Financial Liabilities (FAS 159)**

In February 2007 the FASB issued FAS 159, which allows an irrevocable option, Fair Value Option (FVO), to carry eligible financial assets and liabilities at fair value, with the election made on an instrument-by-instrument basis. Changes in fair value for these instruments would be recorded in earnings. The objective of FAS 159 is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions.

Under FAS 159 an entity must elect whether to use the FVO on the date an item is initially recognized, with limited exceptions. Since the FVO is an instrument by instrument election, companies may record identical financial assets and liabilities either at fair value or on another measurement basis permitted by US GAAP, such as amortized cost. One exception to the instrument-by-instrument guidance is that for investments that would otherwise fall under equity method accounting, the election must be made for all of the investor’s financial interests (equity and debt, including guarantees) in the same entity.

FAS 159 will be effective for Barrick beginning in first quarter 2008 and must be applied prospectively. Barrick will not adopt the FVO on its eligible financial instruments, which include available-for-sale securities, equity method investments and long-term debt, existing as at January 1, 2008.

FAS 141(R), Business Combinations (FAS 141(R))

In December 2007 the FASB issued FAS 141(R), which will replace FAS 141 prospectively for business combinations consummated after the effective date of December 15, 2008. Early adoption is not permitted. Under FAS 141(R), business acquisitions will be accounted for under the “acquisition method”, compared to the “purchase method” mandated by FAS 141.

The more significant changes that will result from applying the acquisition method include: (i) the definition of a business is broadened to include development stage entities, and therefore more acquisitions will be accounted for as business combinations rather than asset acquisitions; (ii) the measurement date for equity interests issued by the acquirer is the acquisition date instead of a few days before and after terms are agreed to and announced, which may significantly change the amount recorded for the acquired business if share prices differ from the agreement and announcement date to the acquisition date; (iii) all future adjustments to income tax estimates will be recorded to income tax expense, whereas under FAS 141 certain changes in income tax estimates were recorded to goodwill; (iv) acquisition-related costs of the acquirer, including investment banking fees, legal fees, accounting fees, valuation fees, and other professional or consulting fees will be expensed as incurred, whereas under FAS 141 these costs are capitalized as part of the cost of the business combination; (v) the assets acquired and liabilities assumed are recorded at 100% of fair value even if less than 100% is obtained, whereas under FAS 141 only the controlling interest’s portion is recorded at fair value; and (vi) the non-controlling interest will be recorded at its share of fair value of net assets acquired, including its share of goodwill, whereas under FAS 141 the non-controlling interest is recorded at its share of carrying value of net assets acquired with no goodwill being allocated.

FAS 160, Non-controlling Interests in Consolidated Financial Statements (FAS 160)

In December 2007 the FASB issued FAS 160, which is effective for fiscal years beginning after December 15, 2008. Under FAS 160, non-controlling interests will be measured at 100% of the fair value of assets acquired and liabilities assumed. Under current standards, the non-controlling interest is measured at book value. For presentation and

disclosure purposes, non-controlling interests will be classified as a separate component of shareholders’ equity. In addition, FAS 160 will change the manner in which increases/decreases in ownership percentages are accounted for. Changes in ownership percentages will be recorded as equity transactions and no gain or loss will be recognized as long as the parent retains control of the subsidiary. When a parent company deconsolidates a subsidiary but retains a non-controlling interest, the non-controlling interest is re-measured at fair value on the date control is lost and a gain or loss is recognized at that time. Under FAS 160, accumulated losses attributable to the non-controlling interests are no longer limited to the original carrying amount, and therefore non-controlling interests could have a negative carrying balance. The provisions of FAS 160 are to be applied prospectively with the exception of the presentation and disclosure provisions, which are to be applied for all prior periods presented in the financial statements. Early adoption is not permitted.

g) Other Notes to the Financial Statements

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3 ■ Significant Acquisitions and Divestitures

For the years ended December 31	2007	2006	2005
Cash paid on acquisition ¹			
Arizona Star	\$ 722	\$ –	\$ –
Porgera (additional 20% interest)	259	–	–
Kainantu	135	–	–
Pioneer Metals	6	48	–
Placer Dome	–	160	–
	\$ 1,122	\$ 208	\$ –
Cash proceeds on sale ¹			
Celtic ²	21	–	–
Paddington Mill ³	30	–	–
Grace Claim ³	54	–	–
	\$ 105	\$ –	\$ –
Cash proceeds on sale of discontinued operations			
South Deep mine	\$ –	\$ 1,209	\$ –
Operations sold to Goldcorp	–	1,619	–
	\$ –	\$ 2,828	\$ –

1. All amounts are presented net of cash acquired/divested. Potential deferred tax adjustments may arise from these acquisitions.

2. Included within investment sales in the Consolidated Statement of Cash Flow.

3. Included within Property, Plant and Equipment sales in the Consolidated Statement of Cash flow.

a) Acquisition of 40% Interest in Cortez

In February 2008, our subsidiary, Barrick Gold Finance Inc., entered into a definitive purchase agreement with Kennecott Explorations (Australia) Ltd., a subsidiary of Rio Tinto plc (“Rio Tinto”) to acquire its 40% interest in the Cortez property for \$1.695 billion in cash consideration, due on closing, with a further \$50 million payable if and when we add an additional 12 million ounces of contained gold resources to our December 31, 2007 reserve statement for Cortez. A sliding scale royalty is payable to Rio Tinto on 40% of all production in excess of 15 million ounces on and after January 1, 2008. The acquisition will consolidate 100% ownership for Barrick of the existing Cortez mine and the Cortez Hills development project plus any future potential from the property. We expect to fund the purchase price through a combination of our existing cash balances and by drawing down our line of credit. The agreement is subject to the normal and customary closing conditions and is expected to close in the first quarter of 2008.

b) Acquisition of Arizona Star Resources Corporation (“Arizona Star”)

On December 19, 2007, we paid \$722 million which reflects the purchase price net of cash acquired of \$8 million, for 40.7 million common shares of Arizona Star. These shares represent 94% of the outstanding common shares of Arizona Star on a fully-diluted basis. It is our intention to acquire the remaining outstanding Arizona Star common

shares by way of a compulsory acquisition. The Offer price for Arizona Star’s common shares was CDN\$18.00. Arizona Star owns a 51% interest in the Cerro Casale deposit in the Maricunga district of Region III in Chile. The acquisition of Arizona Star has been accounted for as an asset purchase. The purchase price allocation will be finalized in 2008 with the determination of the deferred tax portion, if any.

Purchase Cost

Purchase cost per agreement	\$ 728
Purchase price adjustments and transaction costs	2
Less: cash acquired	(8)
	\$ 722

Preliminary Purchase Price Allocation

Equity investment in Cerro Casale project	\$ 732
Total assets	732
Accounts payable	8
Non-controlling interest	2
Total liabilities	10
Net assets acquired	\$ 722

c) Kainantu Acquisition

On December 12, 2007 we completed the acquisition of the Kainantu mineral property and various exploration licenses in Papua New Guinea from Highlands Pacific Limited for \$135 million in cash, which reflects the purchase price, net of \$7 million withheld pending certain permit renewals. The acquisition has been accounted for as a purchase of assets. The purchase price allocation will be finalized in 2008.

d) Sale of Paddington Mill

In 2007, we completed the sale of the Paddington mill and associated land tenements in Australia to Norton Goldfields Limited and the sale of certain land tenements to Apex Minerals for total proceeds of \$32 million, \$30 million in cash and \$2 million in Apex Minerals NL shares, respectively. We recorded a gain of \$8 million in other income on closing.

e) Porgera Mine Acquisition

In 2007, we completed the acquisition of an additional 20% interest in the Porgera mine in Papua New Guinea from Emperor Mines Limited, for cash consideration of \$259 million. The acquisition has been accounted for as a business combination. Following this transaction our interest in the Porgera mine increased from 75% to 95%. The Government of Papua New Guinea holds the remaining 5% undivided interest in Porgera. We have entered into a call option deed regarding the possible sale of up to a 5% interest to the Government of Papua New Guinea, for the proportionate acquisition cost paid by Barrick.

Purchase Cost

Purchase cost agreement with Emperor Mines Limited	\$ 250
Purchase price adjustments and transaction costs	14
Less: cash acquired	(5)
	<u>\$ 259</u>

Summary Purchase Price Allocation

Inventories	\$ 17
Other current assets	2
Property, plant and equipment	145
Non-current ore in stockpiles	60
Deferred tax assets	20
Goodwill	34
Total assets	<u>278</u>
Current liabilities	11
Asset retirement obligations	8
Total liabilities	<u>19</u>
Net assets acquired	<u>\$ 259</u>

f) Acquisition of Pioneer Metals Inc. ("Pioneer")

In 2006, we acquired control of Pioneer through the acquisition of 59.2 million shares, representing approximately 91% of the outstanding shares of Pioneer, for cash consideration of \$54 million. Pioneer had a portfolio of exploration properties and interests, including the Grace property which is adjacent to NovaGold Resources Inc.'s ("NovaGold") Galore Creek project. In 2007, we acquired all of the remaining outstanding shares of Pioneer for cash consideration of \$6 million and recorded purchase price adjustments totaling \$3 million.

Purchase Cost

Purchase cost	\$ 63
Less: cash acquired	(9)
	<u>\$ 54</u>

The acquisition has been accounted for as a purchase of assets. The purchase price allocation was as follows:

Summary Purchase Price Allocation

Property, plant and equipment	\$ 69
Total assets	<u>69</u>
Current liabilities	–
Deferred tax liabilities	15
Total liabilities	<u>15</u>
Net assets acquired	<u>\$ 54</u>

In third quarter 2007 we sold the Grace property to NovaGold for cash proceeds of \$54 million. There was no after-tax gain or loss arising on closing.

g) Acquisition of Placer Dome Inc. ("Placer Dome")

In first quarter 2006 we acquired 100% of the outstanding common shares of Placer Dome. Placer Dome was one of the world's largest gold mining companies. It had 12 mining operations based in North America, South America, Africa and Australia/Papua New Guinea, as well as four projects that are in various stages of exploration/development. Its most significant mines were Cortez in the United States, Zaldívar in Chile, Porgera in Papua New Guinea, North Mara in Tanzania and South Deep in South Africa. The most significant projects are Cortez Hills and Donlin Creek LLC ("Donlin Creek") in the United States, and Pueblo Viejo in the Dominican Republic. The business combination between ourselves and Placer Dome was an opportunity to create a Canadian-based leader in the global gold mining industry, which strengthens our competitive position, including in respect of gold reserves, gold production, growth opportunities, and balance sheet strength.

Accounting for the Placer Dome Acquisition

The Placer Dome acquisition has been accounted for as a purchase business combination, with Barrick as the accounting acquirer. We acquired Placer Dome on January 20, 2006, with the results of operations of Placer Dome consolidated from January 20, 2006 onwards. The purchase cost was \$10 billion and was funded through a combination of common shares issued, the drawdown of a \$1 billion credit facility, and cash resources.

Value of 322.8 million Barrick common shares issued at \$27.14 per share ¹	\$ 8,761
Value of 2.7 million fully vested stock options	22
Cash	1,239
Transaction costs	32
	<u>\$10,054</u>

1. The measurement of the common share component of the purchase consideration represents the average closing price on the New York Stock Exchange for the two days prior to and two days after the public announcement on December 22, 2005 of our final offer for Placer Dome.

In accordance with the purchase method of accounting, the purchase cost was allocated to the underlying assets acquired and liabilities assumed based primarily upon their estimated fair values at the date of acquisition. The estimated fair values were based on a combination of independent appraisals and internal estimates. The excess of purchase cost over the net identifiable tangible and intangible assets acquired represents goodwill. Goodwill arising on

the acquisition of Placer Dome principally represents the ability for the company to continue as a going concern by finding new mineral reserves as well as the value of synergies that we expect to realize as a direct consequence of the acquisition of Placer Dome. Details of the allocation of goodwill arising on acquisition are included in note 17.

On the acquisition of Placer Dome in first quarter 2006, we completed a preliminary purchase price allocation for assets and liabilities acquired. Amortization expense for the first three quarters of 2006 was based on this preliminary purchase price allocation. In fourth quarter 2006, we completed final purchase price allocations and updated our calculations of amortization expense prospectively. The effect of the final purchase price allocation on the amount of amortization expense recorded in 2007 compared to amounts recorded in 2006 based on the preliminary allocation, was an increase of \$189 million.

The principal valuation methods for major classes of assets and liabilities were:

Inventory	Finished goods and work in process valued at estimated selling prices less disposal costs, costs to complete and a reasonable profit allowance for the completing and selling effort.
Building and equipment	Reproduction and/or replacement cost or market value for current function and service potential, adjusted for physical, functional and economic obsolescence.
Proven and probable reserves and value beyond proven and probable reserves at producing mines	Multi-period excess earnings approach considering the prospective level of cash flows and fair value of other assets at each mine.
Development projects	Discounted future cash flows considering the prospective level of cash flows from future operations and necessary capital cost expenditures.
Exploration properties	Appraised values considering costs incurred, earn-in agreements and comparable market transactions, where applicable.
Long-term debt and derivative instruments	Estimated fair values consistent with the methods disclosed in note 20c.
Asset retirement obligations	Estimated fair values consistent with the methods disclosed in note 21.

Final Summary Purchase Price Allocation

Cash	\$ 1,102
Inventories	428
Other current assets	198
Property, plant and equipment	
Buildings, plant and equipment	2,946
Proven and probable reserves	1,571
Value beyond proven and probable reserves	419
Intangible assets	85
Assets of discontinued operations ¹	1,744
Deferred tax assets	93
Other assets	254
Goodwill	6,506
Total assets	15,346
Current liabilities	669
Liabilities of discontinued operations ¹	107
Derivative instrument liabilities	1,729
Long-term debt	1,252
Asset retirement obligations	387
Deferred income tax liabilities	686
Total liabilities	4,830
Non-controlling interests	462
Net assets acquired	\$ 10,054

1. Includes operations that were sold to Goldcorp Inc.

At acquisition we recorded liabilities totaling \$48 million that primarily relate to employee severance at Placer Dome offices that were closed during the year. All amounts were settled by the end of 2007.

h) Discontinued Operations

Results of Discontinued Operations

For the years ended December 31	2007	2006	2005
Gold sales			
South Deep operations	\$ –	\$ 158	\$ –
Operations sold to Goldcorp	–	83	–
	\$ –	\$ 241	\$ –
Income before tax			
South Deep	9	8	–
Gain on sale of South Deep	–	288	–
Operations sold to Goldcorp	–	1	–
	\$ 9	\$ 297	\$ –

South Deep

On December 1, 2006, we sold our 50% interest in the South Deep mine in South Africa to Gold Fields Limited (“Gold Fields”). The consideration on closing was \$1,517 million, of which \$1,209 million was received in cash and \$308 million in Gold Fields shares. On closing we recorded a gain of \$288 million, representing the consideration received less transaction costs and the carrying amount of

net assets of South Deep, including goodwill relating to South Deep of \$651 million.

The results of the operations of South Deep in 2006 are presented under “discontinued operations” in the income statement and cash flow statement. As required by accounting rules applicable to discontinued operations, amortization of property, plant and equipment at South Deep ceased on September 1, 2006, the date when they were classified as held for sale, and we allocated interest expense of \$2 million to these discontinued operations.

In second quarter 2006, a loaded skip and 6.7 kilometers of rope fell 1.6 kilometers down the South Deep mine’s Twin Shaft complex during routine maintenance, causing extensive damage but no injuries. Repair costs for assets that were damaged were expensed as incurred. We were insured for property damage and a portion of business interruption losses. In fourth quarter 2006 we recorded a receivable for insurance recoveries of \$12 million related to this incident. In second quarter 2007, a final settlement was reached with Gold Fields on the allocation of insurance proceeds and, as a result, we recorded further proceeds of \$9 million within income from discontinued operations. During the third quarter, \$21 million was received in cash and has been classified under Cash Flows of Discontinued Operations in our Consolidated Statement of Cash Flows.

Operations Sold to Goldcorp

In second quarter 2006, we sold all of Placer Dome’s Canadian properties and operations (other than Placer Dome’s office in Vancouver), including all mining, reclamation and exploration properties, Placer Dome’s interest in the La Coipa mine in Chile, 40% of Placer Dome’s interest in the Pueblo Viejo project in the Dominican Republic, certain related assets and, our share in Agua de la Falda S.A., which included our interest in the Jeronimo project, to Goldcorp Inc. (“Goldcorp”) (collectively, the “Operations sold to Goldcorp”). Goldcorp is responsible for all liabilities relating solely to these properties and operations, including employment commitments and environmental, closure and reclamation liabilities.

The sales proceeds for the operations sold to Goldcorp were \$1,641 million. The aggregate net amount of assets and liabilities of these operations were recorded in the purchase price allocation at \$1,641 million based on the terms of the sale agreement with Goldcorp that was in place at the time we acquired Placer Dome. The results of the operations sold to Goldcorp were included under “discontinued operations” in the income statement and cash flow statement until closing. Interest expense of \$21 million was allocated to the results from the operations sold to Goldcorp. No gain or loss arose on closing of the sale.

4 • Segment Information

Income Statement Information

For the years ended December 31	Sales			Segment cost of sales			Segment income ¹		
	2007	2006	2005	2007	2006	2005	2007	2006	2005
Gold									
North America	\$ 2,001	\$ 1,791	\$ 1,247	\$ 1,194	\$ 1,052	\$ 693	\$ 493	\$ 492	\$ 341
South America	1,306	1,131	506	408	311	137	664	693	268
Australia Pacific	1,292	1,144	411	945	757	260	108	201	105
Africa	428	427	184	295	228	108	55	111	27
Copper									
South America	1,065	955	–	233	283	–	752	621	–
Australia Pacific	240	182	–	109	110	–	92	55	–
	\$ 6,332	\$ 5,630	\$ 2,348	\$ 3,184	\$ 2,741	\$ 1,198	\$ 2,164	\$ 2,173	\$ 741

1. Segment income represents segment sales, less cost of sales and amortization.

Income Statement Information (cont’d)

For the years ended December 31	Exploration ¹			Regional business unit costs ¹		
	2007	2006	2005	2007	2006	2005
North America	\$ 70	\$ 64	\$ 34	\$ 27	\$ 32	\$ 16
South America	40	22	19	23	19	6
Australia Pacific	46	44	13	38	38	16
Africa	15	22	34	11	1	–
Other expenses outside reportable segments	8	19	9	–	–	–
	\$ 179	\$ 171	\$ 109	\$ 99	\$ 90	\$ 38

1. Exploration and regional business unit costs are excluded from the measure of segment income but are reported separately by operating segment to the Chief Operating Decision Maker.

Geographic Information	Long-lived assets ¹			Sales ²		
	2007	2006	2005	2007	2006	2005
For the years ended December 31						
North America						
United States	\$ 2,638	\$ 2,518	\$ 1,431	\$ 1,882	\$ 1,702	\$ 1,068
Canada	1,528	976	313	119	89	179
Dominican Republic	139	78	–	–	–	–
South America						
Peru	392	492	540	1,033	878	506
Chile	1,764	1,599	269	1,065	955	–
Argentina	1,048	1,014	843	273	253	–
Australia Pacific						
Australia	1,724	2,142	815	1,250	1,116	411
Papua New Guinea	702	438	–	282	210	–
Africa						
Tanzania	1,336	993	669	428	427	184
Other	477	534	301	–	–	–
	\$ 11,748	\$ 10,784	\$ 5,181	\$ 6,332	\$ 5,630	\$ 2,348

1. Long-lived assets include property, plant and equipment and other tangible non-current assets.

2. Presented based on the location in which the sale originated.

Reconciliation of Segment Income to Income from Continuing Operations Before Income Taxes and Other Items

For the years ended December 31	2007	2006	2005
Segment income	\$ 2,164	\$ 2,173	\$ 741
Amortization of corporate assets	(20)	(19)	(18)
Exploration	(179)	(171)	(109)
Project development expense	(188)	(119)	(32)
Corporate administration	(155)	(142)	(71)
Other expenses	(208)	(216)	(114)
Impairment charges ¹	(65)	(23)	(16)
Interest income	141	110	38
Interest expense	(113)	(126)	(3)
Other income	103	93	46
Income from continuing operations before income taxes and other items	\$ 1,480	\$ 1,560	\$ 462

1. In 2007, impairment charges include \$42 million of goodwill impairments in the North America region.

Asset Information	Segment long-lived assets			Amortization			Segment capital expenditures ¹		
	2007	2006	2005	2007	2006	2005	2007	2006	2005
For the years ended December 31									
Gold									
North America	\$ 4,305	\$ 3,572	\$ 1,744	\$ 314	\$ 247	\$ 213	\$ 236	\$ 226	\$ 218
South America	1,922	1,829	1,652	234	127	101	343	343	525
Australia Pacific	2,310	2,434	815	239	186	46	208	313	308
Africa	1,336	993	669	78	88	49	240	93	45
Copper									
South America	1,282	1,276	–	80	51	–	27	17	–
Australia Pacific	116	146	–	39	17	–	11	22	–
Segment total	11,271	10,250	4,880	984	716	409	1,065	1,014	1,096
Cash and equivalents	2,207	3,043	1,037	–	–	–	–	–	–
Other current assets	2,081	1,753	711	–	–	–	–	–	–
Intangible assets	68	75	–	–	–	–	–	–	–
Goodwill	5,847	5,855	–	–	–	–	–	–	–
Other items not allocated to segments	477	534	301	20	19	18	25	17	8
Enterprise total	\$ 21,951	\$ 21,510	\$ 6,929	\$ 1,004	\$ 735	\$ 427	\$ 1,090	\$ 1,031	\$ 1,104

1. Segment capital expenditures are presented on an accrual basis. Capital expenditures in the Consolidated Statements of Cash Flows are presented on a cash basis. In 2007, cash expenditures were \$1,046 million (2006: \$1,087 million; 2005: \$1,104 million) and the increase in accrued expenditures were \$44 million (2006: \$(56) million; 2005: nil).

5 - Revenue and Gold Sales Contracts

For the years ended December 31	2007	2006	2005
Gold bullion sales¹			
Spot market sales	\$ 3,823	\$ 3,957	\$ 1,938
Gold sales contracts	1,026	369	300
	4,849	4,326	2,238
Concentrate sales ²	178	167	110
	\$ 5,027	\$ 4,493	\$ 2,348
Copper sales^{1,3}			
Copper cathode sales	\$ 1,063	\$ 937	\$ –
Concentrate sales	242	200	–
	\$ 1,305	\$ 1,137	\$ –

1. Revenues include amounts transferred from OCI to earnings for commodity cash flow hedges (see notes 20c and 25).
2. Gold sales include gains and losses on gold derivative contracts which have been economically offset, but not yet settled, and on embedded derivatives in smelting contracts: 2007: \$4 million loss (2006: \$4 million gain; 2005: \$3 million gain).
3. Copper sales include gains and losses on economic copper hedges that do not qualify for hedge accounting treatment and on embedded derivatives in copper smelting contracts: 2007: \$53 million gain (2006: \$14 million loss; 2005: \$nil).

Principal Products

All of our gold mining operations produce gold in doré form, except Eskay Creek, which produces gold concentrate and gold doré; Bulyanhulu which produces both gold doré and gold concentrate; and Osborne which produces a concentrate that contains both gold and copper. Gold doré is unrefined gold bullion bars usually consisting of 90% gold that is refined to pure gold bullion prior to sale to our customers. Gold concentrate is a processing product containing the valuable ore mineral (gold) from which most of the waste mineral has been eliminated, that undergoes a smelting process to convert it into gold bullion. Gold bullion is sold primarily in the London spot market or under gold sales contracts. Gold concentrate is sold to third-party smelters. At our Zaldivar mine we produce pure copper cathode, which consists of 99.9% copper, a form that is deliverable for sale in world metals exchanges.

Revenue Recognition

We record revenue when the following conditions are met: persuasive evidence of an arrangement exists; delivery and transfer of title (gold revenue only) have occurred under the terms of the arrangement; the price is fixed or determinable; and collectability is reasonably assured. Revenue in 2007 is presented net of direct sales taxes of \$15 million (2006: \$16 million; 2005: \$nil).

Gold Bullion Sales

We record revenue from gold and silver bullion sales at the time of physical delivery, which is also the date that title to the gold or silver passes. The sales price is fixed at the delivery date based on either the terms of gold sales contracts or the gold spot price. Incidental revenues from the sale of by-products such as silver are classified within cost of sales.

Gold Sales Contracts

At December 31, 2006, we had 2.5 million ounces of Corporate Gold Sales Contracts. We delivered 2.5 million ounces into the Corporate Gold Sales Contracts at an average price of \$404 per ounce in the first half of 2007. At December 31, 2007, there were no remaining Corporate Gold Sales Contracts. At December 31, 2007, we had Project Gold Sales Contracts with various customers for a total of 9.5 million ounces of future gold production of which 1.7 million ounces are at floating spot prices.

The terms of gold sales contracts are governed by master trading agreements (MTAs) that we have in place with customers. The contracts have final delivery dates primarily over the next 10 years, but we have the right to settle these contracts at any time over this period. Contract prices are established at inception through to an interim date. If we do not deliver at this interim date, a new interim date is set. The price for the new interim date is determined in accordance with the MTAs which have contractually agreed price adjustment mechanisms based on the market gold price. The MTAs have both fixed and floating price mechanisms. The fixed-price mechanism represents the market price at the start date (or previous interim date) of the contract plus a premium based on the difference between the forward price of gold and the current market price. If at an interim date we opt for a floating price, the floating price represents the spot market price at the time of delivery of gold adjusted based on the difference between the previously fixed price and the market gold price at that interim date. The final realized selling price under a contract primarily depends upon the timing of the actual future delivery date, the market price of gold at the start of the contract and the actual amount of the premium of the forward price of gold over the spot price of gold for the periods that fixed selling prices are set.

Mark-to-Market Value

\$ millions	Total ounces in millions	At Dec. 31, 2007 value ¹
Project Gold Sales Contracts	9.5	\$ (4,626)

1. At a spot gold price of \$834 per ounce.

Concentrate Sales

Under the terms of concentrate sales contracts with independent smelting companies, gold and copper sales prices are set on a specified future date after shipment based on market prices. We record revenues under these contracts at the time of shipment, which is also when title passes to the smelting companies, using forward market gold and copper prices on the expected date that final sales prices will be fixed. Variations between the price recorded at the shipment date and the actual final price set under the smelting contracts are caused by changes in market gold and copper prices, and result in an embedded derivative in the accounts receivable. The embedded derivative is recorded at fair value each period until final settlement occurs, with changes in fair value classified as a component of revenue. The notional amount outstanding in accounts receivable is typically between ten and fifteen thousand ounces of gold and four and seven million pounds of copper.

Copper Cathode Sales

Under the terms of copper cathode sales contracts, copper sales prices are set on a specified future date based upon market commodity prices plus certain price adjustments. Revenue is recognized at the time of shipment when risk of loss passes to the customer, and collectability is reasonably assured. Revenue is measured using forward market prices on the expected date that final selling prices will be fixed. Variations occur between the price recorded on the date of revenue recognition and the actual final price under the terms of the contracts due to changes in market copper prices, which result in the existence of an embedded derivative in the accounts receivable. This embedded derivative is recorded at fair value each period until final settlement occurs, with changes in fair value classified as a component of revenue. The notional amount outstanding in accounts receivable is between twenty and thirty million pounds of copper.

6 ■ Cost of Sales

For the years ended December 31	Gold			Copper		
	2007	2006	2005	2007	2006	2005
Cost of goods sold ¹	\$ 2,757	\$ 2,294	\$ 1,249	\$ 337	\$ 390	\$ –
By-product revenues ^{2,3}	(105)	(123)	(132)	(2)	(1)	–
Royalty expense	161	150	63	7	4	–
Mining production taxes	29	27	18	–	–	–
	\$ 2,842	\$ 2,348	\$ 1,198	\$ 342	\$ 393	\$ –

1. Cost of goods sold includes accretion expense at producing mines of \$40 million (2006: \$31 million; 2005: \$11 million). Cost of goods sold includes charges to reduce the cost of inventory to net realizable value as follows: \$13 million in 2007; \$28 million in 2006 and \$15 million in 2005. The cost of inventory sold in the period reflects all components capitalized to inventory, except that, for presentation purposes, the component of inventory cost relating to amortization of property, plant and equipment is classified in the income statement under "amortization." Some companies present this amount under "cost of sales." The amount presented in amortization rather than cost of sales was \$984 million in 2007; \$716 million in 2006 and \$409 million in 2005.

2. We use silver sales contracts to sell a portion of silver produced as a by-product. Silver sales contracts have similar delivery terms and pricing mechanisms as gold sales contracts. At December 31, 2007, we had sales contract commitments to deliver 18.2 million ounces of silver over periods up to 10 years. The mark-to-market on silver sales contracts at December 31, 2007 was negative \$111 million (2006: negative \$100 million; 2005: \$52 million).

3. By-product credits include gains and losses on economic silver hedges that do not qualify for hedge accounting treatment: 2007: \$nil (2006: \$5 million loss; 2005: \$nil).

Royalties

Certain of our properties are subject to royalty arrangements based on mineral production at the properties. The most significant royalties are at the Goldstrike, Bulyanhulu and Veladero mines and the Pascua-Lama project. The primary type of royalty is a net smelter return (NSR) royalty. Under this type of royalty we pay the holder an amount calculated as the royalty percentage multiplied by the value of gold production at market gold prices less third-party smelting, refining and transportation costs. Other types of royalties include:

- Net profits interest (NPI) royalty,
- Net smelter return sliding scale (NSRSS) royalty,
- Gross proceeds sliding scale (GPSS) royalty,
- Gross smelter return (GSR) royalty,
- Net value (NV) royalty, and a
- Land tenement (LT) royalty

Royalty expense is recorded at the time of sale of gold production, measured using the applicable royalty percentage for NSR royalties or estimates of NPI amounts.

Producing mines	Type of royalty
North America	
Goldstrike	0%–5% NSR, 0%–6% NPI
Eskay Creek	1% NSR
Williams	1.5% NSR, 0.5% NV, 1% NV
David Bell	3% NSR
Round Mountain	3.53%–6.35% NSRSS
Bald Mountain	3.5%–4% NSR
Ruby Hill	3% modified NSR
Cortez	1.5% GSR
Cortez – Pipeline/ South Pipeline deposit	0.4%–5% GSR
Cortez – portion of Pipeline/ South Pipeline deposit	5% NV
South America	
Veladero	3.75% modified NSR
Lagunas Norte	2.51% NSR
Australia	
Porgera	2% NSR
Queensland and Western Australia production	2.5%–2.7% of gold revenue
Africa	
Bulyanhulu	3% NSR
North Mara	3% NSR
North Mara – Gokona pit	3% NSR, 1.1% LT

7 ■ Exploration and Project Development Expense

For the years ended December 31	2007	2006	2005
Exploration:			
Minesite exploration	\$ 63	\$ 54	\$ 27
Projects	116	117	82
	\$ 179	\$ 171	\$ 109
Project development expense:			
Pueblo Viejo ¹	67	25	–
Donlin Creek ²	32	37	–
Sedibelo	22	10	–
Fedorova	18	–	–
Buzwagi	5	12	5
Pascua-Lama	12	8	7
Cowal ³	–	1	9
Other	32	26	11
	\$ 188	\$ 119	\$ 32

1. Represents 100% of project expenditures. We record a non-controlling interest credit for our partner's share of expenditures within "non-controlling interests" in the income statement.

2. Amounts for 2007 include a recovery of \$64 million of cumulative project costs from our partner. See note 12 for further details.

3. The Cowal mine began production in second quarter 2006.

Accounting Policy

We capitalize costs incurred at projects that meet the definition of an asset after mineralization is classified as proven and probable gold reserves (as defined by United States reporting standards). Before classifying mineralization as proven and probable reserves, costs incurred at projects are considered project development expenses that are expensed as incurred. Project costs include: drilling costs; costs to prepare engineering scoping and feasibility studies; metallurgical testing; permitting; and sample mining. The cost of start-up activities at mines and projects such as recruiting and training are also expensed as incurred within project development expense. Drilling costs incurred at our operating mines are expensed as incurred as mine site exploration expense, unless we can conclude with a high degree of confidence, prior to the commencement of a drilling program, that the drilling costs will result in the conversion of a mineral resource into a proven and probable reserve. Our assessment of confidence is based on the following factors: results from previous drill programs; results from geological models; results from a mine scoping study confirming economic viability of the resource; and preliminary estimates of mine inventory, ore grade, cash flow and mine life. The costs of a drilling program that meets our highly confident threshold are capitalized as mine development costs.

The Pueblo Viejo, Donlin Creek, Sedibelo, and Fedorova projects are in various stages and none of the projects had met the criteria for cost capitalization at December 31, 2007. The Reko Diq project is owned through an equity investee and project expenses are included in "equity investees" in the income statement (see note 12).

Effective May 1, 2007, we determined that mineralization at Buzwagi met the definition of proven and probable reserves for United States reporting purposes. Following this determination, we began capitalizing costs that meet the definition of an asset at Buzwagi.

Funding of our partner's share of ongoing project expenses for Donlin Creek, which is recoverable from the other partner, is shown under loans issued to joint venture partners under investing activities in the cash flow statement.

8 ■ Other Expense

a) Other Expenses

For the years ended December 31	2007	2006	2005
Regional business unit costs ¹	\$ 99	\$ 90	\$ 38
Community development costs ²	28	15	–
Environmental costs	15	11	17
World Gold Council fees	12	13	10
Changes in estimate of AROs at closed mines ³	6	53	15
Accretion expense at closed mines (note 21)	10	8	10
Non-hedge derivative losses (note 20c)	8	–	12
Currency translation losses	1	–	–
Pension and other post-retirement benefit expense (notes 27b and 27e) ⁴	5	3	8
Other items	24	23	4
	\$ 208	\$ 216	\$ 114

1. Relates to costs incurred at regional business unit offices.

2. In 2007, amounts relate to community programs in Peru, Tanzania and Papua New Guinea. In 2006, amounts related to community programs in Peru and Tanzania.

3. In 2006, amount relates to change in estimate of the ARO at the Nickel Plate property in British Columbia, Canada.

4. For the year ended December 31, 2007, \$nil million of pension credit that relates to active employees at producing mines is included in cost of sales (2006: \$4 million; 2005: \$nil), and \$nil million is included in corporate administration (2006: \$2 million; 2005: \$nil).

Environmental Costs

During the production phases of a mine, we incur and expense the cost of various activities connected with environmental aspects of normal operations, including compliance with and monitoring of environmental regulations; disposal of hazardous waste produced from normal operations; and operation of equipment designed to reduce or eliminate environmental effects. In limited circumstances, costs to acquire and install plant and equipment are capitalized during the production phase of a mine if the costs are expected to mitigate risk or prevent future environmental contamination from normal operations.

When a contingent loss arises from the improper use of an asset, a loss accrual is recorded if the loss is probable and reasonably estimable. Amounts recorded are measured on an undiscounted basis, and adjusted as further information develops or if circumstances change. Recoveries of environmental remediation costs from other parties are recorded as assets when receipt is deemed probable.

b) Impairment Charges

For the years ended December 31	2007	2006	2005
Impairment of goodwill (note 17) ¹	\$ 42	\$ –	\$ –
Impairment charges			
on investments (note 12) ²	23	6	16
Impairment of long-lived assets ³	–	17	–
	\$ 65	\$ 23	\$ 16

- In 2007, the carrying amounts of Eskay Creek and Golden Sunlight were tested for impairment as part of the annual goodwill impairment test. Impairment charges of \$7 million and \$35 million respectively, were recorded to reduce the carrying amount for goodwill to its implied fair value.
- In 2007, we recorded an impairment charge on Asset Backed Commercial Paper of \$20 million.
- In 2006, the carrying amount of Cuerpo Sur, an extension of Pierina, was tested for impairment on completion of the annual life of mine planning process. An impairment charge of \$17 million was recorded to reduce the carrying amount to the estimated fair value.

c) Other Income

For the years ended December 31	2007	2006	2005
Non-hedge derivative gains (note 20c)	\$ –	\$ 2	\$ –
Currency translation gains	–	2	3
Gains on sale of assets ¹	2	9	5
Gains on sale of investments (note 12)	71	6	17
Gain on vend-in to			
Highland Gold (note 12)	–	51	–
Royalty income	17	10	6
Sale of water rights	5	5	–
Other	8	8	15
	\$ 103	\$ 93	\$ 46

- In 2007, we sold certain properties in South America and Australia, including an \$8 million gain on the sale of the Paddington Mill. In 2006, we sold certain properties in Canada and Chile. In 2005, we sold some land positions in Australia.

9 ■ Income Tax Expense

For the years ended December 31	2007	2006	2005
Current			
Canada	\$ (3)	\$ 13	\$ (3)
International	518	444	93
	\$ 515	\$ 457	\$ 90
Deferred			
Canada	\$ 19	\$ (131)	\$ (6)
International	(25)	46	(8)
	\$ (6)	\$ (85)	\$ (14)
Income tax expense before elements below	\$ 509	\$ 372	\$ 76
Net currency translation gains			
on deferred tax balances	(76)	(5)	(11)
Canadian tax rate changes	64	12	–
Change in tax status in Australia	–	(31)	(5)
Release of end of year valuation allowances – Tanzania	(156)	–	–
Total expense	\$ 341	\$ 348	\$ 60

Currency Translation

Deferred tax balances are subject to remeasurement for changes in currency exchange rates each period. The most significant balances are Canadian deferred tax assets with a carrying amount of approximately \$439 million and Australian deferred tax liabilities with a carrying amount of approximately \$95 million. In 2007, the appreciation of the Canadian and Australian dollar against the US dollar resulted in net translation gains arising totaling \$76 million. These gains are included within deferred tax expense/recovery.

Canadian Tax Rate Changes

In the second and fourth quarters of 2007 and the second quarter of 2006, federal rate changes were enacted in Canada that lowered the applicable tax rate. The impact of this tax rate change was to reduce net deferred tax assets in Canada by \$64 million in 2007 and \$35 million in 2006 that was recorded as a component of deferred income tax expense. Also in second quarter 2006, on change of tax status of a Canadian subsidiary, we recorded a deferred income tax credit of \$23 million to reflect the impact on the measurement of deferred income tax assets and liabilities.

Change in Tax Status in Australia

In first quarter 2006, an interpretative decision (“ID”) was issued by the Australia Tax Office that clarified the tax treatment of currency gains and losses on foreign denominated liabilities. Under certain conditions, for taxpayers who have made the functional currency election, and in respect of debt that existed at the time the election was made, the ID provided clarification that unrealized foreign exchange gains that currently exist on intercompany debt will not crystallize upon repayment of the debt. The effect of the ID was recorded as a \$31 million reduction of deferred tax liabilities.

Release of Tanzanian Valuation Allowances

In 2007, we released \$156 million of end of year deferred tax valuation allowances in Tanzania due to the impact of higher market gold prices.

Reconciliation to Canadian Statutory Rate

For the years ended December 31	2007	2006	2005
At 36.12% (2006 36.12% and 2005: 38%) statutory rate	\$ 535	\$ 563	\$ 176
Increase (decrease) due to:			
Allowances and special tax deductions ¹	(99)	(55)	(92)
Impact of foreign tax rates ²	38	(131)	(54)
Expenses not tax-deductible	63	20	9
Net currency translation gains on deferred tax balances	(76)	(5)	(11)
Release of end of year valuation allowances – Tanzania	(156)	–	–
Release of valuation allowances – Other	(88)	(53)	(32)
Valuation allowances set up against current year tax losses	5	7	59
Impact of changes in tax status in Australia	–	(31)	(5)
Canadian tax rate changes	64	12	–
Withholding taxes	17	19	8
Mining taxes	19	9	1
Other items	19	(7)	1
Income tax expense	\$ 341	\$ 348	\$ 60

1. We are able to claim certain allowances and tax deductions unique to extractive industries that result in a lower effective tax rate.
2. We operate in multiple foreign tax jurisdictions that have tax rates different than the Canadian statutory rate. Additionally, we have reinvested earnings and cash flow generated by the Zaldívar mine in Chile to fund a portion of the construction cost of Pascua-Lama. The reinvestment of these earnings and cash flow resulted in a lower tax rate applied for the period. Amounts in 2007, included the impact of losses realized on deliveries into corporate gold sales contracts in a low tax jurisdiction.

10 ■ Earnings per share

For the years ended December 31
(\$ millions, except shares in millions
and per share amounts in dollars)

	2007		2006		2005	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Income from continuing operations	\$ 1,110	\$ 1,110	\$ 1,209	\$ 1,209	\$ 395	\$ 395
Plus: interest on convertible debentures	–	2	–	4	–	–
Income available to common shareholders and after assumed conversions	1,110	1,112	1,209	1,213	395	395
Income from discontinued operations	9	9	297	297	–	–
Income before cumulative effect of changes in accounting principles	1,119	1,121	1,506	1,510	395	395
Cumulative effect of changes in accounting principles	–	–	–	–	6	6
Net income	\$ 1,119	\$ 1,121	\$ 1,506	\$ 1,510	\$ 401	\$ 401
Weighted average shares outstanding	867	867	842	842	536	536
Effect of dilutive securities						
Stock options	–	3	–	4	–	2
Convertible debentures	–	9	–	9	–	–
	867	879	842	855	536	538
Earnings per share						
Income from continuing operations	\$ 1.28	\$ 1.27	\$ 1.44	\$ 1.42	\$ 0.74	\$ 0.73
Income before cumulative effect of changes in accounting principles	\$ 1.29	\$ 1.28	\$ 1.79	\$ 1.77	\$ 0.74	\$ 0.73
Net income	\$ 1.29	\$ 1.28	\$ 1.79	\$ 1.77	\$ 0.75	\$ 0.75

Earnings per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if additional common shares are assumed to be issued under securities that entitle their holders to obtain common shares in the future. For stock options, the number of additional shares for inclusion in diluted earnings per share calculations is determined using the treasury stock method. Under this method, stock options, whose exercise price is less than the average market price of our common shares, are assumed to be exercised and the

proceeds are used to repurchase common shares at the average market price for the period. The incremental number of common shares issued under stock options and repurchased from proceeds is included in the calculation of diluted earnings per share. For convertible debentures, the number of additional shares for inclusion in diluted earnings per share calculations is determined using the as if converted method. The incremental number of common shares issued is included in the number of weighted average shares outstanding and interest on the convertible debentures is excluded from the calculation of income.

11 ▪ Cash Flow – Other Items

a) Operating Cash Flows – Other Items

For the years ended December 31	2007	2006	2005
Adjustments for non-cash income statement items:			
Currency translation (gains) losses (note 8a and 8c)	\$ 1	\$ (2)	\$ (3)
Accretion expense (note 21)	50	39	21
Cumulative accounting changes	–	–	(6)
Amortization of discount/premium on debt securities (note 20b)	(3)	(12)	–
Amortization of debt issue costs (note 20b)	9	12	2
Stock option expense (note 26)	25	27	–
Non-hedge derivative gold options	30	14	–
Hedge losses on acquired gold hedge position	2	165	–
Gain on Highland vend-in (note 8c)	–	(51)	–
Gain on Kabanga transaction (note 8c)	–	–	(15)
Equity in investees (note 12)	43	4	6
Gain on sale of long-lived assets (note 8c)	(2)	(9)	(5)
Impairment charges (notes 8b and 12)	65	23	16
Losses on write-down of inventory (note 13)	13	28	15
Non-controlling interests (note 2b)	(14)	(1)	1
ARO reduction	(15)	–	–
Net changes in operating assets and liabilities	(244)	(142)	(82)
Settlement of AROs (note 21)	(33)	(32)	(30)
Other net operating activities	\$ (73)	\$ 63	\$ (80)
Operating cash flow includes payments for:			
Pension plan contributions (note 27a)	\$ 49	\$ 36	\$ 20
Interest (net of amounts capitalized)	\$ 236	\$ 211	\$ 108

b) Investing Cash Flows – Other Items

For the years ended December 31	2007	2006	2005
Loans to joint venture partners	\$ (47)	\$ –	\$ –
Non-hedge derivative copper options	(23)	–	–
Decrease in restricted cash (note 14)	19	–	–
Other	9	17	(5)
Other net investing activities	\$ (42)	\$ 17	\$ (5)

c) Non-Cash Investing and Financing Activities

Donlin Creek

In 2007, we formed a limited liability company with NovaGold to advance the Donlin Creek project. We determined that we share joint control with NovaGold and we use the equity method of accounting for our investment in Donlin Creek. The initial cost of our investment is \$64 million.

Placer Dome Acquisition

We purchased all of the common shares of Placer Dome in 2006 for \$10,054 million (see note 3g). In conjunction with the acquisition, liabilities were assumed as follows:

Fair value of assets acquired ¹	\$ 15,346
Consideration paid	10,054
Liabilities assumed ²	\$ 4,830

1. Includes cash of \$1,102 million.

2. Includes debt obligations of \$1,252 million (note 20b).

Vend-in of Assets to Highland Gold (“Highland”)

In 2006 we exchanged various interests in mineral properties for 34.3 million Highland shares with a value of \$95 million at the time of closing of the transaction (see note 12).

Sale of South Deep

In 2006 we sold the South Deep mine to Gold Fields Limited (“Gold Fields”) for \$1,517 million. The proceeds included 18.7 million Gold Fields common shares with a value of \$308 million (see note 3h).

12 ■ Investments

At December 31	2007		2006	
	Fair value	Gains (losses) in OCI	Fair value	Gains (losses) in OCI
Available-for-sale securities in an unrealized gain position				
Benefit plans: ¹				
Fixed-income securities	\$ 4	\$ –	\$ 5	\$ –
Equity securities	14	1	16	2
Other investments:				
NovaGold	–	–	231	13
Gold Fields	–	–	314	6
Other equity securities	73	41	77	33
	91	42	643	54
Securities in an unrealized loss position				
Other equity securities ²	5	(1)	3	(1)
	\$ 96	\$ 41	\$ 646	\$ 53
Held-to-maturity securities				
Asset-Backed				
Commercial Paper	46	–	–	–
	\$ 142	\$ 41	\$ 646	\$ 53

1. Under various benefit plans for certain former Homestake executives, a portfolio of marketable fixed-income and equity securities are held in a rabbi trust that is used to fund obligations under the plans.

2. Other equity securities in a loss position consist of investments in various junior mining companies.

Accounting Policy for Available-for-Sale Securities

Available-for-sale securities are recorded at fair value with unrealized gains and losses recorded in other comprehensive income (“OCI”). Realized gains and losses are recorded in earnings when investments mature or on sale, calculated using the average cost of securities sold. Investments in debt securities that we intend to hold to maturity are classified as held-to-maturity. Held-to-maturity investments are recorded at amortized cost. If the fair value of an investment declines below its carrying amount, we undertake an assessment of whether the impairment is other-than-temporary. We consider all relevant facts and circumstances in this assessment, particularly: the length of time and extent to which fair value has been less than the carrying amount; the financial condition and near-term prospects of the investee, including any specific events that have impacted its fair value; both positive and negative evidence that the carrying amount is recoverable within a reasonable period of time; and our ability and intent to hold the investment for a reasonable period of time sufficient for an expected recovery of the fair value up to or beyond the carrying amount. We record in earnings any unrealized declines in fair value judged to be other than temporary.

Available-for-Sale Securities Continuity

	Goldfields	NovaGold	Other	Total
January 1, 2005	\$ –	\$ –	\$ 61	\$ 61
Purchases	–	–	31	31
Sales proceeds	–	–	(10)	(10)
Mark-to-market adjustments	–	–	(20)	(20)
January 1, 2006	–	–	62	62
Purchases	–	218	27	245
Received in consideration for sale of South Deep (note 3h)	308	–	–	308
Sales proceeds	–	–	(46)	(46)
Mark-to-market adjustments	6	13	58	77
January 1, 2007	314	231	101	646
Purchases	–	–	11	11
Sales proceeds	(356)	(221)	(48)	(625)
Mark-to-market adjustments	42	(10)	32	64
December 31, 2007	\$ –	\$ –	\$ 96	\$ 96

Gold Fields Limited (“Gold Fields”)

The investment in Gold Fields was acquired on December 1, 2006, as partial consideration for the sale of our interest in South Deep and was recorded net of an initial liquidity discount of \$48 million to reflect a 120-day restriction on our ability to trade the shares. During 2007, we sold our entire position of 18.7 million shares for proceeds of \$356 million and recorded a gain of \$48 million.

NovaGold Resources Inc. (“NovaGold”)

During 2007, we sold our entire investment in NovaGold for proceeds of \$221 million and we recorded a gain of \$3 million on the sale.

Asset-Backed Commercial Paper (“ABCP”)

As at December 31, 2007, we held \$66 million of Asset-Backed Commercial Paper (“ABCP”) which has matured, but for which no payment has been received. On August 16, 2007, it was announced that a group representing banks, asset providers and major investors had agreed to a standstill with regard to all non-bank sponsored ABCP (the “Montreal Proposal ABCP”).

On December 23, 2007, a tentative deal was reached between investors and banks to restructure the majority of the Montreal Proposal ABCP. It has been determined that our ABCP investments are ineligible for inclusion in the proposed Master Asset Partnerships. As with other ineligible Montreal Proposal ABCP, our investments will be restructured on an individual basis and will not be pooled with other Montreal Proposal ABCP assets. Our investments

will maintain exposure to the existing underlying ineligible assets. New floating rate notes will be issued with maturities and interest rates based on the respective maturities and amounts available from the underlying investments. We have assessed the fair value of the ABCP considering the best available data regarding market conditions for such investments at December 31, 2007. We recorded an impairment of \$20 million in 2007 on the ABCP investments.

Our ownership of ABCP investments is comprised of trust units which have underlying investments in various securities. The underlying investments are further represented by residential mortgage-backed securities, commercial mortgage-backed securities, other asset-backed securities and collateralized debt obligations. We have based the 30% impairment on our assessment of the inherent risks associated with the underlying investments. The 30% impairment is comprised of reductions for credit, liquidity and market risk of 5%, 20% and 5%, respectively. The impairment is further supported by an indicative value obtained from a third party. We believe that our valuation approximates fair value. The impairment of our ABCP investments has no effect on our investment strategy or covenant compliance.

There is currently no certainty regarding the outcome of the ABCP investments and therefore there is uncertainty in estimating the amount and timing of cash flows associated. This ABCP was classified under Other Investments at December 31, 2007, and as an investing activity in the Consolidated Statement of Cash Flow.

Equity Method Investment Continuity

	Highland	Atacama	Cerro Casale	Donlin Creek	Other	Total
At January 1, 2005	\$ 86	\$ –	\$ –	\$ –	\$ –	\$ 86
Purchases	50	–	–	–	8	58
Equity pick-up	(5)	–	–	–	(1)	(6)
At January 1, 2006	131	–	–	–	7	138
Purchases	–	123	–	–	1	124
Vend-in	71	–	–	–	–	71
Equity pick-up	(3)	–	–	–	(1)	(4)
Impairment charges	–	–	–	–	(2)	(2)
At January 1, 2007	199	123	–	–	5	327
Acquired under Arizona Star acquisition	–	–	732	–	–	732
Reclassifications	–	–	–	64	(4)	60
Equity pick-up	(30)	(14)	–	–	1	(43)
Impairment charges	–	–	–	–	(2)	(2)
At December 31, 2007	\$ 169	\$ 109	\$ 732	\$ 64	\$ –	\$ 1,074

Accounting Policy for Equity Method Investments

Under the equity method, we record our equity share of the income or loss of equity investees each period. On acquisition of an equity investment, the underlying identifiable assets and liabilities of an equity investee are recorded at fair value and the income or loss of equity investees is based on these fair values. For an investment in a company that represents a business, if the cost of any equity investment exceeds the total amount of the fair value of identifiable assets and liabilities, any excess is accounted for in a manner similar to goodwill, with the exception that an annual goodwill impairment test is not required. Additional funding into an investee is recorded as an increase in the carrying value of the investment. The carrying amount of each investment in an equity investee is evaluated for impairment using the same method as an available-for-sale security.

Highland Gold Mining Ltd. ("Highland")

We acquired 11 million common shares for cash of \$50 million in 2005; and 34.3 million common shares as part of a vend-in transaction in 2006.

On November 17, 2006, we entered into an agreement with Highland to transfer ownership of certain companies holding Russian and Kyrgyz licenses in return for 34.3 million Highland common shares increasing our ownership of Highland from 20% to 34%. In effect, we contributed our 50% interest in the Taseevskoye deposit, as well as other exploration properties in Russia and Central Asia, to Highland, thereby consolidating ownership of these properties under one company. As part of the transaction, we seconded several of our employees to Highland, and received two additional Board seats. Completion of the transaction occurred on December 15, 2006. On closing, the fair value of Highland common shares exceeded the carrying amount of assets exchanged by \$76 million. We recorded this difference as a gain of \$51 million in other income to the extent of the ownership in Highland held by independent third parties, and the balance of \$25 million as a reduction in the carrying amount of our investment in Highland. The Fedorova PGM deposit was not included in this transaction.

The difference between the cost of our investment in Highland and the underlying historic cost of net assets was \$111 million at June 30, 2007.

During 2007, Highland announced the issue of 130.1 million new shares for \$400 million. The equity was purchased by Millhouse LLC ("Millhouse") in two tranches. The first tranche of 65 million shares was completed on December 11, 2007 giving Millhouse a 25% interest in Highland and reducing our position to 25.4%. The second tranche of 65 million shares was completed on January 16, 2008 giving Millhouse a 40% interest in Highland and further reducing our interest to 20.3%.

On completion of the first tranche, Millhouse is entitled to appoint 3 of 9 Directors to the Board. On completion of the second tranche, Millhouse is entitled to appoint the CEO of Highland who will not serve on the Board. Our ability to appoint Directors has been reduced from 3 to 2. We continue to account for the investment in Highland under the equity method of accounting.

Donlin Creek

In January 2006, as part of the acquisition of Placer Dome, we acquired an interest in the Donlin Creek project. Under a pre-existing joint venture agreement we held the right to earn a 70% interest in the project subject to meeting certain conditions under the agreement. In December 2007, we restructured our agreement with our joint venture partner and formed a limited liability company, Donlin Creek LLC, to advance the Donlin Creek project. Donlin Creek has a board of four directors, with two nominees selected by each company. All significant decisions related to Donlin Creek require the approval of both companies. We own 50% of the limited liability company.

We determined that Donlin Creek LLC is a VIE and consequently used the principles of FIN 46R to determine how to account for our ownership interest. We concluded that neither ourselves nor NovaGold are a primary beneficiary and neither ourselves nor NovaGold have the right to control Donlin Creek under the limited liability company agreement. We determined that we share joint control with NovaGold, and because Donlin Creek is a corporate joint venture we use the equity method of accounting for our investment in Donlin Creek. The initial cost of our investment in Donlin Creek is \$64 million and represents the cost basis of assets transferred into the limited liability company. Our maximum exposure to loss in this entity is limited to the carrying amount of our investment in Donlin Creek, which totaled \$64 million and accounts receivable from our partner totaling a further \$64 million that are collateralized against NovaGold's interest in the value of Donlin Creek as of December 31, 2007.

Atacama Copper Pty Limited (“Atacama Copper”)

In September 2006, we acquired a 50% interest in Atacama Copper. The other 50% interest in Atacama Copper is owned by Antofagasta plc. Atacama Copper is responsible for advancing the Reko Diq project. The Reko Diq project is located in Pakistan and comprises a variety of exploration licenses, an interest in some of which has been retained by the government of Balochistan.

We determined that Atacama Copper is a VIE and consequently we have used the principles of FIN 46R to determine how to account for our ownership interest. We concluded that neither ourselves nor Antofagasta are a primary beneficiary and consequently we evaluated whether either ourselves or Antofagasta have the right to control Atacama under the joint venture agreement. We determined that we share joint control with Antofagasta and because Atacama is a corporate joint venture we use the equity method of accounting for our investment. Our maximum exposure to loss in this entity is limited to our investment in Atacama, which totaled \$109 million as of December 31, 2007, and amounts we will prospectively fund for Atacama’s interim exploration program.

Compañía Minera Casale (“Cerro Casale”)

In December 2007, we acquired 94% of the common shares of Arizona Star. We have determined that Arizona Star’s interest in the entity that holds the Cerro Casale deposit is a VIE and consequently we have used the principles of FIN 46R to determine how to account for this ownership interest. We evaluated whether either ourselves or Kinross have the right to control Cerro Casale under the joint venture agreement and we determined that we share joint control with Kinross. Therefore, neither ourselves nor Kinross are a primary beneficiary and because Cerro Casale is a corporate joint venture, we use the equity method of accounting for Arizona Star’s investment in Cerro Casale. Our maximum exposure to loss in this entity is limited to our investment in Cerro Casale, which totaled \$732 million as of December 31, 2007.

13 ■ Inventories

At December 31	Gold		Copper	
	2007	2006	2007	2006
Raw materials				
Ore in stockpiles	\$ 698	\$ 485	\$ 63	\$ 51
Ore on leach pads	149	104	81	76
Mine operating supplies	351	284	20	16
Work in process	109	89	5	25
Finished products				
Gold doré/bullion	87	98	–	–
Copper cathode	–	–	9	12
Copper concentrate	–	–	16	5
Gold concentrate	40	54	–	–
	1,434	1,114	194	185
Non-current ore in stockpiles ¹	(414)	(298)	(96)	(70)
	\$ 1,020	\$ 816	\$ 98	\$ 115

1. Ore that we do not expect to process in the next 12 months.

Accounting Policy for Inventory

Material extracted from our mines is classified as either ore or waste. Ore represents material that we expect to be processed into a saleable form, and sold at a profit. Ore is recorded as an asset that is classified within inventory at the point it is extracted from the mine. Ore is accumulated in stockpiles that are subsequently processed into gold/copper in a saleable form under a mine plan that takes into consideration optimal scheduling of production of our reserves, present plant capacity, and the market price of gold/copper. Gold/copper in process represents gold/copper in the processing circuit that has not completed the production process, and is not yet in a saleable form.

Gold ore stockpiles are measured by estimating the number of tons added and removed from the stockpile, the number of contained ounces (based on assay data) and the estimated metallurgical recovery rates (based on the expected processing method). Copper ore stockpiles are measured estimating the number of tons added and removed from the stockpile. Stockpile ore tonnages are verified by periodic surveys. Costs are allocated to a stockpile based on relative values of material stockpiled and processed using current mining costs incurred up to the point of stockpiling the ore, including applicable overhead, depreciation, depletion and amortization relating to mining operations, and removed at each stockpile’s average cost per recoverable unit.

We record gold in process, gold doré and gold in concentrate form at average cost, less provisions required to reduce inventory to market value. Average cost is calculated based on the cost of inventory at the beginning of a period, plus the cost of inventory produced in a period. Costs capitalized to inventory include direct and indirect materials and consumables; direct labor; repairs and maintenance; utilities; amortization of property, plant and equipment; waste stripping costs; and local mine administrative expenses. Costs are removed from inventory and recorded in cost of sales and amortization expense based on the average cost per ounce of gold in inventory. Mine operating supplies are recorded at purchase cost.

We record provisions to reduce inventory to net realizable value, to reflect changes in economic factors that impact inventory value or to reflect present intentions for the use of slow moving and obsolete supplies inventory.

For the years ended December 31	2007	2006	2005
Inventory impairment charges	\$ 13	\$ 28	\$ 15

Heap Leach Inventory

The recovery of gold and copper from certain oxide ores is achieved through the heap leaching process. Our Pierina, Lagunas Norte, Veladero, Cortez, Bald Mountain, Round Mountain, Ruby Hill and Marigold mines all use a heap leaching process for gold and our Zaldívar mine uses a heap leaching process for copper. Under this method, ore is placed on leach pads where it is treated with a chemical solution, which dissolves the gold or copper contained in the ore. The resulting “pregnant” solution is further processed in a plant where the gold or copper is recovered. For accounting purposes, costs are added to ore on leach pads based on current mining and leaching costs, including applicable depreciation, depletion and amortization relating to mining operations. Costs are removed from ore on leach pads as ounces or pounds are recovered based on the average cost per recoverable ounce of gold or pound of copper on the leach pad.

Estimates of recoverable gold or copper on the leach pads are calculated from the quantities of ore placed on the leach pads (measured tons added to the leach pads), the grade of ore placed on the leach pads (based on assay data) and a recovery percentage (based on ore type). In general, leach pads recover between 35% and 95% of the ounces or pounds placed on the pads.

Although the quantities of recoverable gold or copper placed on the leach pads are reconciled by comparing the grades of ore placed on pads to the quantities of gold or copper actually recovered (metallurgical balancing), the nature of the leaching process inherently limits the ability to precisely monitor inventory levels. As a result, the metallurgical

balancing process is constantly monitored and estimates are refined based on actual results over time. Historically, our operating results have not been materially impacted by variations between the estimated and actual recoverable quantities of gold or copper on our leach pads. At December 31, 2007, the weighted average cost per recoverable ounce of gold and recoverable pound of copper on leach pads was \$287 per ounce and \$0.39 per pound, respectively (2006: \$180 per ounce of gold and \$0.45 per pound of copper). Variations between actual and estimated quantities resulting from changes in assumptions and estimates that do not result in write-downs to net realizable value are accounted for on a prospective basis.

The ultimate recovery of gold or copper from a leach pad will not be known until the leaching process is concluded. Based on current mine plans, we expect to place the last ton of ore on our current leach pads at dates for gold ranging from 2013 to 2020 and for copper ranging from 2024 to 2029. Including the estimated time required for residual leaching, rinsing and reclamation activities, we expect that our leaching operations will terminate within a period of up to six years following the date that the last ton of ore is placed on the leach pad.

The current portion of ore inventory on leach pads is determined based on estimates of the quantities of gold or copper at each balance sheet date that we expect to recover during the next 12 months.

Ore in Stockpiles

At December 31	2007	2006
Gold		
Goldstrike		
Ore that requires roasting	\$ 320	\$ 239
Ore that requires autoclaving	67	84
Kalgoorlie	75	58
Porgera	88	17
Cowal	36	9
Veladero	23	9
Cortez	19	3
Turquoise Ridge	15	15
Golden Sunlight	15	1
Other	40	50
Copper		
Zaldívar	63	51
	\$ 761	\$ 536

At Goldstrike, we expect to fully process the ore in stockpiles by 2031. At Kalgoorlie, we expect to fully process the stockpile by 2018. At Porgera, we expect to fully process the stockpile by 2021. At Zaldívar, we expect to fully process the stockpile by 2029.

14 ■ Accounts Receivable and Other Current Assets

At December 31	2007	2006
Accounts receivable		
Amounts due from concentrate sales	\$ 19	\$ 24
Amounts due from copper cathode sales	89	83
Other receivables	148	127
	\$ 256	\$ 234
Other current assets		
Derivative assets (note 20c)	\$ 334	\$ 201
Goods and services taxes recoverable	161	137
Restricted cash	131	150
Prepaid expenses	40	32
Other	41	68
	\$ 707	\$ 588

15 ■ Property, Plant and Equipment

At December 31	2007	2006
Assets not subject to amortization		
Acquired mineral properties and capitalized mine development costs ^{1,4}	\$ 2,010	\$ 1,856
Assets subject to amortization		
Capitalized mineral property acquisition and mine development costs ^{4,5}	6,297	6,436
Buildings, plant and equipment ^{2,5}	8,192	7,017
	16,499	15,309
Accumulated amortization ³	(7,903)	(6,919)
	\$ 8,596	\$ 8,390

- Assets in the exploration or development stage that are not subject to amortization.
- Includes \$146 million (2006: \$131 million) of assets under capital leases.
- Includes \$66 million (2006: \$41 million) of accumulated amortization for assets under capital leases.
- Includes a \$176 million reclassification from amortized assets to assets not subject to amortization for Cortez Hills. This reclassification has no impact on total property, plant & equipment and no impact on amortization expense.
- Includes a \$108 million reclassification in 2006 from Buildings, plant and equipment to Capitalized mine development costs. This classification has no impact on total property, plant and equipment and no impact on amortization expense.

a) Unamortized Assets

Acquired Mineral Properties and Capitalized Mine Development Costs

	Carrying amount at December 31, 2007	Carrying amount at December 31, 2006
Exploration projects and other land positions	\$ 109	\$ 287
Value beyond proven and probable reserves at producing mines	299	353
Projects		
Ruby Hill	–	49
Pascua-Lama	609	459
Cortez Hills ¹	361	306
Pueblo Viejo	157	152
Sedibelo	81	76
Donlin Creek ²	–	66
Buzwagi	224	108
Punta Colorado Wind Farm	35	–
Kainantu and PNG exploration licenses	135	–
	\$ 2,010	\$ 1,856

1. \$176 million and \$48 million have been classified from acquired mineral properties and capitalized mine development costs and value beyond proven and probable reserves of producing mines, respectively, to the Cortez Hills development stage project for 2007 and 2006. This reclassification has no effect on the total property, plant and equipment balance and no effect on net income in either year.

2. See note 12 for further details.

Value beyond proven and probable reserves (“VBPP”)

At the end of each fiscal year, as part of our annual business cycle, we prepare estimates of proven and probable gold and copper mineral reserves for each mineral property. An amount is transferred out of VBPP into amortizable assets based on the quantity of resources converted into reserves. In 2007, we transferred \$54 million from VBPP to amortizable assets (2006 and 2005: \$nil).

Acquisitions

We capitalize the cost of acquisition of land and mineral rights. On acquiring a mineral property, we estimate the fair value of proven and probable reserves as well as the value beyond proven and probable reserves and we record these amounts as assets at the date of acquisition. At the time mineralized material is converted into proven and probable reserves, we classify the capitalized acquisition cost associated with those reserves as a component of acquired mineral properties, which are subject to amortization. When production begins, capitalized acquisition costs that are subject to amortization are amortized to operations using the units-of-production method.

In 2007, amortization of property, plant and equipment began at our Ruby Hill mine after it moved from construction into the production phase. (2006: Cowal mine; 2005: Tulawaka, Lagunas Norte and Veladero mines). Amortization also began in 2005 at the Western 102 power plant in Nevada that was built to supply power for the Goldstrike mine as it moved from construction into the production phase.

Gold and Copper Mineral Reserves

At the end of each fiscal year, as part of our annual business cycle, we prepare estimates of proven and probable gold and copper mineral reserves for each mineral property, including the transfer of the values beyond proven and probable (“VBPP”) reserves to assets subject to amortization. We prospectively revise calculations of amortization of property, plant and equipment. The effect of changes in reserve estimates and transfers of VBPP reserves to assets subject to amortization on amortization expense for 2007 was an increase of \$31 million (2006: \$75 million decrease; 2005: \$28 million decrease).

Interest Costs

Interest cost is considered an element of the historical cost of an asset when a period of time is necessary to prepare it for its intended use. We capitalize interest costs to assets under development or construction while activities are in progress. We also capitalize interest costs on the value assigned to projects acquired from third parties. We also capitalize interest costs on the carrying amount of eligible equity method investments.

b) Assets Subject to Amortization Capitalized Mineral Property Acquisition and Mine Development Costs

We start amortizing capitalized mineral property acquisition and mine development costs when production begins. Amortization is calculated using the “units-of-production” method, where the numerator is the number of ounces produced and the denominator is the estimated recoverable ounces of gold contained in proven and probable reserves.

During production at underground mines, we incur development costs to build new shafts, drifts and ramps that will enable us to physically access ore underground. The time over which we will continue to incur these costs depends on the mine life, and in some cases could be up to 25 years. These underground development costs are capitalized as incurred. Costs incurred and capitalized to enable access to specific ore blocks or areas of the mine, and which only provide an economic benefit over the period of mining that ore block or area, are attributed to earnings using the units-of-production method where the denominator is

estimated recoverable ounces of gold contained in proven and probable reserves within that ore block or area. If capitalized underground development costs provide an economic benefit over the entire mine life, the costs are attributed to earnings using the units-of-production method, where the denominator is the estimated recoverable ounces of gold contained in total accessible proven and probable reserves. At our Open Pit mining operations, costs of moving overburden waste materials are capitalized until the production stage has commenced.

Buildings, Plant and Equipment

We record buildings, plant and equipment at cost. We capitalize costs that extend the productive capacity or useful economic life of an asset. Costs incurred that do not extend the productive capacity or useful economic life of an asset are considered repairs and maintenance and expensed as incurred. We amortize the capitalized cost of assets less any estimated residual value, using the straight-line method over the estimated useful economic life of the asset based on their expected use in our business. The longest estimated useful economic life for buildings and equipment at ore processing facilities is 25 years and for mining equipment is 15 years.

In the normal course of our business, we have entered into certain leasing arrangements whose conditions meet the criteria for the leases to be classified as capital leases. For capital leases, we record an asset and an obligation at an amount equal to the present value at the beginning of the lease term of minimum lease payments over the lease term. In the case of our capital leasing arrangements, there is transfer of ownership of the leased assets to us at the end of the lease term and therefore we amortize these assets on a basis consistent with our other owned assets.

c) Impairment Evaluations Producing Mines and Development Projects

We review and test the carrying amounts of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. We group assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. For operating mines and development projects, all assets related to a mine or project are included in one group. If there are indications that an impairment may have occurred at a particular mine site, we compare the sum of the undiscounted cash flows expected to be generated from that mine to its carrying amount. If the sum of undiscounted cash flows is less than the carrying amount, an impairment charge is recognized if the carrying amounts of the individual long-lived assets within the group exceed their fair values.

Long-lived assets subject to potential impairment at operating mines and development projects include buildings, plant and equipment, and capitalized mineral property acquisition and mine development costs. For impairment assessment purposes, the estimated fair value of buildings, plant and equipment is based on a combination of current depreciated replacement cost and current market value. The estimated fair value of capitalized mineral property acquisition and mine development costs is based on a discounted cash flow model.

Exploration Projects

After acquisition, various factors can affect the recoverability of the capitalized cost of land and mineral rights, particularly the results of exploration drilling. The length of time between the acquisition of land and mineral rights and when we undertake exploration work varies based on the prioritization of our exploration projects and the size of our exploration budget. If we conclude that an impairment may exist, we compare the carrying amount to its fair value. The fair value for exploration projects is based on a discounted cash flow model. For projects that do not have reliable cash flow projections, a market approach is applied. In the event land and mineral rights are impaired, we reduce the carrying amount to estimated fair value and an impairment charge is recorded.

16 ■ Intangible Assets

For the years ended December 31

	2007			2006		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Water rights ¹	\$ 28	\$ –	\$ 28	\$ 28	\$ –	\$ 28
Technology ²	17	–	17	17	–	17
Supply contracts ³	23	15	8	23	9	14
Royalties ⁴	17	2	15	17	1	16
	\$ 85	\$ 17	\$ 68	\$ 85	\$ 10	\$ 75
Aggregate period amortization expense	\$ –	\$ 7	\$ –	\$ –	\$ 10	\$ –
For the years ended December 31		2008	2009	2010	2011	2012
Estimated aggregate amortization expense		\$ 5	\$ 3	\$ 1	\$ 1	\$ 1

1. The water rights at Zaldivar are subject to annual impairment testing and will be amortized when we use them in the future.

2. The acquired technology will be used at the Pueblo Viejo project. The amount will be amortized using the units-of-production method over the estimated proven and probable reserves of the mine, with no assumed residual value.

3. Supply contracts are being amortized over the weighted average contract lives of 4–8 years, with no assumed residual value.

4. Royalties are being amortized using the units-of-production method over the total ounces subject to royalty payments under the agreement.

Supply Agreement with Yokohama Rubber Co. Ltd. (“Yokohama”)

In December 2007, we signed an agreement with Yokohama to secure the supply of tires. Under the agreement, in

d) Capital Commitments

In addition to entering into various operational commitments in the normal course of business, we had commitments of approximately \$159 million at December 31, 2007 for construction activities at our development projects.

e) Insurance

We purchase insurance coverage for certain insurable losses, subject to varying deductibles, at our mineral properties including losses such as property damage and business interruption. We record losses relating to insurable events as they occur. Proceeds receivable from insurance coverage are recorded at such time as receipt is probable and the amount receivable is fixed or determinable.

Insurance Proceeds

	2007	2006	2005
Cost of sales	\$ 16	\$ –	\$ –
Discontinued operations	21	12	–
	\$ 37	\$ 12	\$ –

17 ▪ Goodwill

	Gold				Copper		Total
	North America	Australia	South America	Africa	Australia	South America	
Opening balance, January 1, 2006	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Additions ¹	2,423	1,811	441	1,024	64	743	6,506
Disposals ²	–	–	–	(651)	–	–	(651)
Closing balance, December 31, 2006	\$ 2,423	\$ 1,811	\$ 441	\$ 373	\$ 64	\$ 743	\$ 5,855
Additions ³	–	34	–	–	–	–	34
Impairments ⁴	(42)	–	–	–	–	–	(42)
Closing balance, December 31, 2007	\$ 2,381	\$ 1,845	\$ 441	\$ 373	\$ 64	\$ 743	\$ 5,847

1. Represents goodwill acquired as a result of the acquisition of Placer Dome Inc. No portion of this goodwill is expected to be deductible for income tax purposes.

2. Represents goodwill associated with the sale of our 50% interest in the South Deep mine to Gold Fields Ltd.

3. Represents goodwill acquired as a result of the acquisition of an additional 20% interest in Porgera. This goodwill is expected to be deductible for income tax purposes. (note 3e).

4. Impairment charges recorded in the fourth quarter related to the Golden Sunlight (\$35 million) and Eskay Creek (\$7 million) mines, as a result of our annual goodwill impairment test. The goodwill impairment charges are primarily due to the short remaining lives of these mines.

Accounting Policy for Goodwill and Goodwill Impairment

Under the purchase method, the cost of business acquisitions is allocated to the assets acquired and liabilities assumed based on the estimated fair value at the date of acquisition. The excess of purchase cost over the net fair value of identified tangible and intangible assets and liabilities acquired represents goodwill that is allocated to reporting units. We believe that goodwill arises principally because of the following factors: (1) The going concern value implicit in our ability to sustain and/or grow our business by increasing reserves and resources through new discoveries; and (2) The ability to capture unique synergies that can be realized from managing a portfolio of both acquired and existing mines and mineral properties in our regional business units.

In 2006, we determined that goodwill should be allocated to reporting units that would either represent components (individual mineral properties) or aggregations of components up to a regional business unit level. As at December 31, 2006, the process of determining the appropriate level to allocate goodwill was ongoing. In fourth quarter 2006, we completed impairment tests of goodwill assuming both no aggregation of mineral properties, and aggregation of mineral properties up to the regional business unit level and determined that there were no impairments at that date under either methodology. In second quarter 2007, we determined that an individual mineral

property that is an operating mine is a reporting unit for the purposes of allocating goodwill. On this basis, we allocated goodwill arising from the Placer Dome acquisition to both acquired and existing mineral properties.

Allocations for goodwill arising on the acquisition of Placer Dome were calculated by first comparing the fair value of acquired reporting units to the fair value of net identified assets allocated to the reporting units. Secondly, the fair value of estimated synergies arising on the combination between Barrick and Placer Dome was used to allocate goodwill both to reporting units acquired and existing Barrick reporting units expected to benefit from the combination.

On an annual basis in the fourth quarter of our fiscal year, we evaluate the carrying amount of goodwill assigned to reporting units for potential impairment. This impairment assessment involves estimating the fair value of each reporting unit that includes goodwill. We compare this fair value to the total carrying amount of each reporting unit (including goodwill). If the carrying amount exceeds this fair value, then we estimate the fair values of all identifiable assets and liabilities in the reporting unit, and compare this net fair value of assets less liabilities to the estimated fair value of the entire reporting unit. The difference represents the implied fair value of the reporting unit's goodwill, which is compared to its carrying amount. Any excess of the carrying value over the fair value is charged to earnings.

Gold mining companies typically trade at a market capitalization that is based on a multiple of net asset value (“NAV”), whereby NAV represents a discounted cash flow valuation based on projected future cash flows. For goodwill impairment testing purposes, we estimate the fair value of a gold property by applying a multiple to the reporting units NAV. For a copper property, the estimated fair value is based on its NAV and no multiple is applied. The process for determining fair value is subjective and requires us to make numerous assumptions including, but not limited to, projected future revenues based on estimated production, long-term metal prices, operating expenses, capital expenditures, discount rates and NAV multiples. In particular, our assumptions with respect to long-term gold prices and the appropriate NAV multiple to apply have a significant impact on our estimate of fair value. In our 2007 annual goodwill impairment test we used a long-term gold price of \$800 per ounce and NAV multiples ranging from 1.0 to 2.0, depending on each property’s geographic location and estimated remaining economic life. On completion of this test, we recorded a goodwill impairment charge of \$35 million at our Golden Sunlight mine and \$7 million at our Eskay Creek mine. The goodwill impairment charges at these mines are primarily a result of their short remaining lives.

18 - Other Assets

At December 31	2007	2006
Non-current ore in stockpiles (note 13)	\$ 510	\$ 368
Derivative assets (note 20c)	220	209
Goods and services taxes recoverable	54	48
Deferred income tax assets (note 23)	722	528
Debt issue costs	27	36
Deferred share-based compensation (note 26b)	75	36
Notes receivable	97	65
Deposits receivable	147	82
Other	84	49
	\$ 1,936	\$ 1,421

Debt Issue Costs

In 2007, no new debt financings were put into place and there were no additions to debt issue costs. Amortization of debt issue costs is calculated using the interest method over the term of each debt obligation, and classified as a component of interest cost (see note 20b).

19 - Other Current Liabilities

At December 31	2007	2006
Asset retirement obligations (note 21)	\$ 74	\$ 50
Derivative liabilities (note 20c)	100	82
Post-retirement benefits (note 27)	11	11
Deferred revenue	23	–
Income taxes payable (note 9)	38	159
Other	9	1
	\$ 255	\$ 303

20 - Financial Instruments

Financial instruments include cash; evidence of ownership in an entity; or a contract that imposes an obligation on one party and conveys a right to a second entity to deliver/receive cash or another financial instrument. Information on certain types of financial instruments is included elsewhere in these financial statements as follows: accounts receivable – note 14; investments – note 12; restricted share units – note 26b.

a) Cash and Equivalents

Cash and equivalents include cash, term deposits and treasury bills with original maturities of less than 90 days. Cash and equivalents include \$480 million (2006: \$605 million) held in Argentinean and Chilean subsidiaries that have been designated for use in funding construction costs at our Pascua-Lama project.

b) Long-Term Debt⁶

	2007				2006					2005			
	At Dec. 31	Proceeds	Repay- ments	Amorti- zation ⁵	At Dec. 31	Proceeds	Repay- ments	Amorti- zation ⁵	Assumed on acqui- sition of Placer Dome	At Dec. 31	Proceeds	Repay- ments	Amorti- zation ⁵
7.50% debentures ¹	\$ -	\$ -	\$ 500	\$ -	\$ 498	\$ -	\$ -	\$ -	\$ -	\$ 490	\$ -	\$ -	\$ -
5.80%/4.875% notes	745	-	-	-	745	-	-	-	-	745	-	-	-
Veladero financing	163	-	57	-	220	13	30	-	-	237	39	-	-
Bulyanhulu financing	51	-	34	-	85	-	34	-	-	119	-	31	-
Other debt ²	923	-	101	-	1,024	50	-	6	867	113	50	-	-
Copper-linked notes	515	-	393	-	908	995	87	-	-	-	-	-	-
US dollar notes	480	393	-	-	87	87	-	-	-	-	-	-	-
Senior convertible debentures	293	-	-	3	296	-	-	4	300	-	-	-	-
Capital leases	85	15	24	-	94	7	16	-	6	97	90	28	-
Series B Preferred Securities	-	-	-	-	-	-	77	2	79	-	-	-	-
First credit facility ³	-	-	-	-	-	1,000	1,000	-	-	-	-	-	-
	3,255	408	1,109	3	3,957	2,152	1,244	12	1,252	1,801	179	59	-
Less: current portion	(102)	-	-	-	(713)	-	-	-	-	(80)	-	-	-
	\$ 3,153	\$ 408	\$ 1,109	\$ 3	\$ 3,244	\$ 2,152	\$ 1,244	\$ 12	\$ 1,252	\$ 1,721	\$ 179	\$ 59	\$ -
Short-term debt													
Demand financing facility	131	-	19	-	150	-	-	-	150	-	-	-	-
Second credit facility ⁴	-	-	-	-	-	37	337	-	300	-	-	-	-
	\$ 131	\$ -	\$ 19	\$ -	\$ 150	\$ 37	\$ 337	\$ -	\$ 450	\$ -	\$ -	\$ -	\$ -

1. During second quarter 2007, we repaid the \$500 million 7.5% debentures from existing cash balances and proceeds from the sale of investments.
2. The debt has an aggregate principal amount of \$923 million, of which \$163 million is subject to floating interest rates and \$760 million is subject to fixed interest rates ranging from 6.37% to 7.75%. The notes mature at various times between 2009 and 2035.
3. We have a credit and guarantee agreement with a group of banks (the "Lenders"), which requires the Lenders to make available to us a credit facility of up to \$1.5 billion or the equivalent amount in Canadian currency. The credit facility, which is unsecured, has an interest rate of Libor plus 0.25% to 0.35% on drawn down amounts, and a commitment rate of 0.07% to 0.08% on undrawn amounts. We increased the limit of this facility from \$1 billion in August 2006. The facility currently matures in 2011.
4. During third quarter 2006, we terminated a second credit facility which consisted of unused bank lines of credit of \$850 million with an international consortium of banks.
5. Amortization of debt discount/premium.
6. The agreements which govern our long-term debt each contain various provisions which are not summarized herein. In certain cases, these provisions allow Barrick to, at its option, redeem indebtedness prior to maturity at specified prices and also may permit redemption of debt by Barrick upon the occurrence of certain specified changes in tax legislation.

Veladero Financing

One of our wholly owned subsidiaries, Minera Argentina Gold S.A. in Argentina, has a limited recourse amortizing loan facility for \$250 million, the majority of which has a variable interest rate. We have guaranteed the loan until completion occurs, after which it will become non-recourse to the parent company. As at December 31, 2007, completion as defined in the loan agreement has not occurred. The loan is insured for political risks by branches of the Canadian and German governments.

Copper-Linked Notes/US Dollar Notes

In October 2006, we issued \$1,000 million of Copper-Linked Notes. During the first three years, the full \$1,000 million obligation of these notes is to be repaid through the delivery of (the US dollar equivalent of) 324 million pounds of copper. At December 31, 2007, 156 million pounds of copper remained to be delivered (2008 – 103 million pounds; 2009 – 53 million pounds). Coincident with the repayment of (the US dollar equivalent of) 324 million pounds of copper, we will reborrow \$1,000 million. Over the next two years,

the total amount outstanding under these notes will continue to be \$1,000 million, with a portion repayable in a copper-linked equivalent and a portion repayable in a fixed amount of US dollars at the maturity of the notes (2016 and 2036). As the copper-linked equivalent is repaid, the fixed US dollar obligation will increase. After 2009, only the fixed US dollar obligation will remain. The accounting principles applicable to these Copper-Linked Notes require separate accounting for the future delivery of copper (a fixed-price forward sales contract that meets the definition of a derivative that must be separately accounted for) and for the underlying bond (see note 20c).

Senior Convertible Debentures

The convertible senior debentures (the “Securities”) mature in 2023 and had an aggregate principal amount of \$293 million outstanding as at the end of 2007. Holders of the Securities may, upon the occurrence of certain circumstances and within specified time periods, convert their Securities into common shares of Barrick. These circumstances are: if the closing price of our common shares exceeds 120% of the conversion price for at least 20 trading days in the 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter; if certain credit ratings assigned to the Securities fall below specified levels or if the Securities cease to be rated by specified rating agencies or such ratings are suspended or withdrawn; if for each of five consecutive trading days, the trading price per \$1,000 principal amount of the Securities was less than 98% of the product of the closing price of our common shares and the then current conversion rate; if the Securities have been called for redemption provided that only such Securities called for redemption may be converted and upon the occurrence of specified corporate transactions. On December 31, 2007 the conversion rate per each \$1,000 principal amount of Securities was 39.99 common shares and the effective conversion price was \$25.01 per common share. The conversion rate is subject to adjustment in certain circumstances. As such, the effective conversion price may also change.

The Securities were convertible from October 1, 2007 through December 31, 2007. No holder of Securities converted during this period. However, had all the Securities

been converted and settlement occurred on December 31, 2007, we would have issued approximately 9.2 million common shares with an aggregate fair value of approximately \$386.7 million based on our closing share price on December 31, 2007. The Securities are also convertible from January 1, 2008 through March 31, 2008.

We may redeem the Securities at any time on or after October 20, 2010 and prior to maturity, in whole or in part, at a prescribed redemption price that varies depending upon the date of redemption from 100.825% to 100% of the principal amount, plus accrued and unpaid interest. The maximum amount we could be required to pay to redeem the securities is \$232 million plus accrued interest. Holders of the Securities can require the repurchase of the Securities for 100% of their principal amount, plus accrued and unpaid interest, on October 15, 2013 and October 15, 2018. In addition, if specified designated events occur prior to maturity of the Securities, we will be required to offer to purchase all outstanding Securities at a repurchase price equal to 100% of the principal amount, plus accrued and unpaid interest. For accounting purposes the Securities are classified as a “conventional convertible debenture” and the conversion feature has not been bifurcated from the host instrument.

Series B Preferred Securities

On December 18, 2006, we redeemed all of the outstanding 8.5% Series B Preferred Securities due December 31, 2045 for total cash of \$80 million. The redemption price was comprised of the outstanding principal amount of \$77 million plus accrued and unpaid interest to December 17, 2006 of \$3 million.

Demand Financing Facility

We have a demand financing facility that permits borrowings of up to \$150 million. The terms of the facility require us to maintain cash on deposit with the lender as a compensating balance equal to the amount outstanding under the facility, which is restricted as to use. The net effective interest rate is 0.4% per annum. At December 31, 2007, \$131 million had been drawn on the facility and an equal amount had been placed on deposit that is included in restricted cash (see note 14).

For the years ended December 31

Interest

	2007		2006		2005	
	Interest cost	Effective rate ¹	Interest cost	Effective rate ¹	Interest cost	Effective rate ¹
7.50% debentures	\$ 16	9.9%	\$ 49	9.8%	\$ 41	8.21%
5.80%/4.875% notes	41	5.6%	41	5.5%	42	5.6%
Veladero financing	21	10.2%	25	10.2%	20	8.6%
Bulyanhulu financing	5	6.2%	6	5.5%	10	7.5%
Other debt	60	6.1%	53	5.4%	3	4.1%
Copper-linked notes/US dollar notes	63	6.2%	13	5.8%	–	–
Senior convertible debentures	2	0.8%	6	2.0%	–	–
Capital leases	6	7.7%	6	6.7%	6	6.2%
Series B Preferred Securities	–	–	3	4.4%	–	–
Demand financing facility	13	8.9%	12	8.8%	–	–
First credit facility	1	–	29	7.4%	–	–
Second credit facility	–	–	6	5.0%	–	–
Other interest	9	–	2	–	(1)	–
	237		251		121	
Less: interest allocated to discontinued operations	–		(23)		–	
Less: interest capitalized	(124)		(102)		(118)	
	\$ 113		\$ 126		\$ 3	
Cash interest paid	\$ 236		\$ 211		\$ 108	
Amortization of debt issue costs	9		12		2	
Amortization of premium	(3)		(12)		–	
Losses on interest rate hedges	4		12		5	
Increase (decrease) in interest accruals	(9)		28		6	
Interest cost	\$ 237		\$ 251		\$ 121	

1. The effective rate includes the stated interest rate under the debt agreement, amortization of debt issue costs and debt discount/premium and the impact of interest rate contracts designated in a hedging relationship with long-term debt.

Scheduled Debt Repayments

	2008	2009	2010	2011	2012 and thereafter
5.80%/4.875% notes	\$ –	\$ –	\$ –	\$ –	\$ 750
Veladero financing	48	53	30	10	22
Bulyanhulu financing	34	17	–	–	–
Copper-linked notes/US dollar notes ¹	–	–	–	–	1,000
Other debt	–	16	–	–	844
Senior convertible debentures	–	–	–	–	230
	\$ 82	\$ 86	\$ 30	\$ 10	\$ 2,846
Minimum annual payments under capital leases	\$ 21	\$ 24	\$ 20	\$ 8	\$ 6

1. The Copper-linked notes/US dollar notes have scheduled repayments through the delivery of pre-determined amounts of copper (see Copper-Linked Notes/US Dollar Notes).

c) Use of Derivative Instruments (“Derivatives”) in Risk Management

In the normal course of business, our assets, liabilities and forecasted transactions are impacted by various market risks including:

Item	Impacted by
<ul style="list-style-type: none"> ▪ Sales ▪ Cost of sales 	<ul style="list-style-type: none"> ▪ Prices of gold and copper
<ul style="list-style-type: none"> ▪ Consumption of diesel fuel and propane 	<ul style="list-style-type: none"> ▪ Prices of diesel fuel, propane and natural gas
<ul style="list-style-type: none"> ▪ Local currency denominated expenditures 	<ul style="list-style-type: none"> ▪ Currency exchange rates – US dollar versus A\$, C\$, CLP, ARS, PGK and TZS
<ul style="list-style-type: none"> ▪ By-product credits 	<ul style="list-style-type: none"> ▪ Prices of silver and copper
<ul style="list-style-type: none"> ▪ Administration, exploration and business development costs in local currencies 	<ul style="list-style-type: none"> ▪ Currency exchange rates – US dollar versus A\$, ZAR, CLP, ARS, PGK and C\$
<ul style="list-style-type: none"> ▪ Capital expenditures in local currencies 	<ul style="list-style-type: none"> ▪ Currency exchange rates – US dollar versus A\$, C\$, CLP, ARS, PGK and EUR
<ul style="list-style-type: none"> ▪ Interest earned on cash 	<ul style="list-style-type: none"> ▪ US dollar interest rates
<ul style="list-style-type: none"> ▪ Fair value of fixed-rate debt 	<ul style="list-style-type: none"> ▪ US dollar interest rates

Under our risk management policy, we seek to mitigate the impact of these market risks to provide certainty for a portion of our revenues and to control costs and enable us to plan our business with greater certainty. The timeframe and manner in which we manage these risks varies for each item based upon our assessment of the risk and available alternatives for mitigating risk. For these particular risks, we believe that derivatives are an effective means of managing risk.

The primary objective of the hedging elements of our derivative positions is that changes in the values of hedged items are offset by changes in the values of derivatives. Most of the derivatives we use meet the FAS 133 hedge effectiveness criteria and are designated in a hedge accounting relationship. Some of the derivative positions are effective in achieving our risk management objectives but they do not meet the strict FAS 133 hedge effectiveness criteria, and they are classified as “non-hedge derivatives”. The change in fair value of these non-hedge derivatives is recorded in earnings, in a manner consistent with the derivative positions’ intended use.

Non-Hedge Derivative Gains/Losses

	Income statement classification
Gold contracts	Revenue
Copper contracts	Revenue
Silver contracts	Cost of sales
Fuel contracts	Cost of sales
Currency contracts	Other expense
Interest rate swaps	Interest income/expense
Share purchase warrants	Other income

Summary of Derivatives at December 31, 2007¹

	Notional amount by term to maturity				Accounting classification by notional amount			Fair value
	Within 1 year	2 to 5 years	Over 5 years	Total	Cash flow hedge	Fair value hedge	Non-hedge	
US dollar interest rate contracts								
Receive-fixed swaps (millions)	\$ -	\$ 50	\$ -	\$ 50	\$ -	\$ -	\$ 50	\$ 1
Pay-fixed swaps (millions)	-	(125)	-	(125)	-	-	(125)	(11)
Net swap position	\$ -	\$ (75)	\$ -	\$ (75)	\$ -	\$ -	\$ (75)	\$ (10)
Currency contracts								
C\$:US\$ contracts (C\$ millions)	C\$ 331	C\$ 219	C\$ -	C\$ 550	C\$ 450	C\$ -	C\$ 100	\$ 31
A\$:US\$ contracts (A\$ millions)	A\$1,379	A\$3,232	A\$ -	A\$4,611	A\$4,518	A\$ -	A\$ 93	210
EUR:US\$ contracts (€ millions)	€ 4	€ -	€ -	€ 4	€ 1	€ -	€ 3	-
CLP:US\$ contracts (CLP billions)	CLP 42	CLP -	CLP -	CLP 42	CLP 42	CLP -	CLP -	-
Commodity contracts								
Copper call option spread contracts (millions of pounds)	103	53	-	156	-	-	156	\$ 25
Copper sold forward contracts (millions of pounds)	100	72	-	172	172	-	-	-
Copper collar contracts (millions of pounds)	299	-	-	299	272	-	27	49
Diesel forward contracts (thousands of barrels) ²	1,868	2,910	440	5,218	4,505	-	713	84

1. Excludes gold sales contracts (see note 5), gold lease rate swaps (see note 5).

2. Diesel commodity contracts represent a combination of WTI, WTB, MOPS and JET hedge contracts and diesel price contracts based on the price of WTI, WTB, MOPS, and JET, respectively, plus a spread. WTI represents West Texas intermediate, WTB represents Water Borne, MOPS represents Mean of Platts Singapore, JET represents Jet Fuel.

US Dollar Interest Rate Contracts

Receive-fixed swaps totaling \$300 million were closed out in third quarter 2007. They had been designated against the Copper-linked notes/US dollar notes, included in long-term debt, as a hedge of the variability in the fair value of the debentures caused by changes in LIBOR. For these hedges, prospective hedge effectiveness was assessed by comparing the effects of theoretical shifts in forward interest rates on the fair value of both the debt and the swaps. The retrospective assessment involved comparing the effect of changes in the underlying interest rate (i.e., LIBOR) on both the debt and the swaps.

In the second quarter, receive-fixed swaps totaling \$500 million expired. These swaps were set up as fair value hedges of the \$500 million 7.5% debentures which matured on May 1, 2007. Changes in fair value of the swaps, together with changes in fair value of the debentures caused by changes in LIBOR, were recorded in earnings each period. Also, as interest payments on the debentures are recorded in earnings, an amount equal to the net of the fixed-rate interest receivable and the variable-rate interest payable is recorded in earnings as a component of interest costs.

Currency Contracts

Cash Flow Hedges

Currency contracts totaling C\$450 million, A\$4,518 million, €1 million and CLP 42 billion have been designated against forecasted local currency denominated expenditures as a hedge of the variability of the US dollar amount of those

expenditures caused by changes in currency exchange rates over the next four years. Hedged items are identified as the first stated quantity of dollars of forecasted expenditures in a future month. For a C\$450 million, A\$4,452 million, €1 million and CLP 42 billion portion of the contracts, we have concluded that the hedges are 100% effective under FAS 133 because the critical terms (including notional amount and maturity date) of the hedged items and currency contracts are the same. For the remaining A\$66 million, prospective and retrospective hedge effectiveness is assessed using the hypothetical derivative method under FAS 133. The prospective test involves comparing the effect of a theoretical shift in forward exchange rates on the fair value of both the actual and hypothetical derivative. The retrospective test involves comparing the effect of historic changes in exchange rates each period on the fair value of both the actual and hypothetical derivative using a dollar offset approach. The effective portion of changes in fair value of the currency contracts is recorded in OCI until the forecasted expenditure impacts earnings. For expenditures capitalized to the cost of inventory, this is upon sale of inventory, and for capital expenditures, this is when amortization of the capital assets is recorded in earnings.

Non-hedge Contracts

On December 31, 2007, we had non-hedge Canadian currency contracts of \$100M. We entered these contracts to hedge the purchase price of Arizona Star. The contracts qualified for hedge accounting treatment from the designation date to the

acquisition date of December 20, 2007. After December 20, 2007, the contracts were no longer considered hedges under FAS 133, and all changes in fair value subsequent to that date were recorded in current period earnings. These non-hedge contracts matured at the end of January 2008.

During 2007, we entered into a series of A\$ contracts as identified above. A\$93 million contracts were not designated as hedges and are outstanding as of December 31, 2007.

Commodity Contracts

Cash Flow Hedges

Commodity contracts totaling 4,505 thousand barrels of diesel fuel have been designated against forecasted purchases of the commodities for expected consumption at our mining operations. The contracts act as a hedge of the impact of variability in market prices on the cost of future commodity purchases over the next seven years. Hedged items are identified as the first stated quantity in millions of barrels/gallons of forecasted purchases in a future month. Prospective and retrospective hedge effectiveness is assessed using the hypothetical derivative method under FAS 133. The prospective test is based on regression analysis of the month-on-month change in fair value of both the actual derivative and a hypothetical derivative caused by actual historic changes in commodity prices over the last three years. The retrospective test involves comparing the effect of historic changes in commodity prices each period on the fair value of both the actual and hypothetical derivative using a dollar offset approach. The effective portion of changes in fair value of the commodity contracts is recorded in OCI until the forecasted transaction impacts earnings. The cost of commodity consumption is capitalized to the cost of inventory, and therefore this is upon the sale of inventory.

The terms of a series of copper-linked notes resulted in an embedded fixed-price forward copper sales contract for 324 million pounds that meets the definition of a derivative and must be separately accounted for. At December 31, 2007, embedded fixed-price forward copper sales contracts for 156 million pounds were outstanding due to deliveries of copper totaling 168 million pounds. The resulting copper derivative has been designated against future copper cathode at the Zaldívar mine as a cash flow hedge of the variability in market prices of those future sales. Hedged items are identified as the first stated quantity of pounds of forecasted sales in a future month. Prospective hedge effectiveness is assessed on these hedges using a dollar offset method. The dollar offset assessment involves comparing the effect of theoretical shifts in forward copper prices on the fair value of both the actual hedging derivative and a hypothetical hedging derivative. The retrospective assessment involves comparing the effect of historic changes in copper prices each period on the fair value of both the

actual and hypothetical derivative using a dollar offset approach. The effective portion of changes in fair value of the copper contracts is recorded in OCI until the forecasted copper sale impacts earnings.

During 2007 we added 392 million pounds of copper collar contracts which provide a floor price and a cap price for copper sales. 315 million pounds of the collars were designated against copper cathode sales at our Zaldívar mine and 77 million pounds are designated against copper concentrate sales at our Osborne mine. At December 31, 2007 we had 207 million pounds of copper collar contracts remaining at Zaldívar and 65 million pounds at Osborne.

For collars designated against copper cathode production, the hedged items are identified as the first stated quantity of pounds of forecasted sales in a future month. Prospective hedge effectiveness is assessed on these hedges using a dollar offset method. The dollar offset assessment involves comparing the effect of theoretical shifts in forward copper prices on the fair value of both the actual hedging derivative and a hypothetical hedging derivative. The retrospective assessment involves comparing the effect of historic changes in copper prices each period on the fair value of both the actual and hypothetical derivative using a dollar offset approach. The effective portion of changes in fair value of the copper contracts is recorded in OCI until the forecasted copper sale impacts earnings.

Concentrate sales at our Osborne mine contain both gold and copper, and as a result, are exposed to price changes of both commodities. Prospective hedge effectiveness is assessed using a regression method. The regression method involves comparing month-by-month changes in fair value of both the actual hedging derivative and a hypothetical derivative (derived from the price of concentrate) caused by actual historical changes in commodity prices over the last three years. The retrospective assessment involves comparing the effect of historic changes in copper prices each period on the fair value of both the actual and hypothetical derivative using a dollar offset approach. The effective portion of changes in fair value of the copper contracts is recorded in OCI until the forecasted copper sale impacts earnings. During 2007, we recorded ineffectiveness of \$5 million on these hedges. The ineffectiveness was caused by changes in the price of gold impacting the hypothetical derivative, but not the hedging derivative. Prospective effectiveness tests indicate that these hedges are expected to be highly effective in the future.

Non-hedge Contracts

Non-hedge fuel contracts are used to mitigate the risk of oil price changes on other fuel consumption. On completion of regression analysis, we concluded that the contracts do not meet the “highly effective” criterion in FAS 133 due to currency and basis differences between contract prices and

the prices charged to the mines by oil suppliers. Despite not qualifying as an accounting hedge, the contracts protect the Company to a significant extent from the effects of oil price changes. Changes in fair value of non-hedge fuel contracts are recorded in current period cost of sales.

In first quarter 2007, we purchased and sold call options on 274 million pounds of copper over the next 2¹/₂ years. These options, when combined with the aforementioned fixed-price forward copper sales contracts, economically lock in copper sales prices between \$3.08/lb and \$3.58/lb over a period of 2¹/₂ years. At December 31, 2007, the notional amount of options outstanding had

decreased to 156 million pounds due to expiry of options totaling 118 million pounds in 2007. These contracts do not meet the “highly effective” criterion for hedge accounting in FAS 133. We paid net option premiums of \$23 million for these positions that were included under investing activities in the cash flow statement. Changes in fair value of these copper options are recorded in current period revenue.

During 2007, we entered into a series of copper collar contracts for 27 million pounds of copper that were not designated as hedges and were outstanding as of December 31, 2007.

Non-hedge Derivative Gains (Losses)

For the years ended December 31

	2007	2006	2005	Income statement classification
Commodity contracts				
Copper	\$ 48	\$ (14)	\$ –	Revenue
Gold	(8)	7	(4)	Revenue
Silver	–	(5)	–	Cost of sales
Fuel	7	1	8	Cost of sales
Currency contracts	(7)	–	3	Other income/expense
Interest rate contracts	(2)	8	2	Interest income/expense
Share purchase warrants	(1)	–	(5)	Other income/expense
	37	(3)	4	
Hedge ineffectiveness				
Ongoing hedge inefficiency	4	3	1	Various
Due to changes in timing of hedged items	–	–	1	Various
	\$ 41	\$ –	\$ 6	

Derivative Assets and Liabilities

	2007	2006
At January 1	\$ 178	\$ 204
Acquired with Placer Dome	–	(1,707)
Derivatives cash (inflow) outflow		
Operating activities	(309)	(184)
Financing activities	197	1,840
Investing activities	23	–
Change in fair value of:		
Non-hedge derivatives	33	(3)
Cash flow hedges		
Effective portion	257	17
Ineffective portion	9	3
Share purchase warrants	(1)	–
Fair value hedges	2	8
At December 31	\$ 389	\$ 178
Classification:		
Other current assets	\$ 334	\$ 201
Other assets	220	209
Other current liabilities	(100)	(82)
Other long-term obligations	(65)	(150)
	\$ 389	\$ 178

1. Derivative assets and liabilities are presented net by offsetting related amounts due to/from counterparties if the conditions of FIN No. 39, Offsetting of Amounts Related to Certain Contracts, are met. Amounts receivable from counterparties netted against derivative liabilities totaled \$5 million at December 31, 2007.

Cash Flow Hedge Gains (Losses) in OCI

	Commodity price hedges			Currency hedges			Interest rate hedges		Total
	Gold/silver	Copper	Fuel	Operating costs	Administration costs	Capital expenditures	Cash balances	Long-term debt	
At December 31, 2004	\$ –	\$ –	\$ 2	\$ 240	\$ 33	\$ 48	\$ 3	\$ (25)	\$ 301
Effective portion of change in fair value of hedging instruments	–	–	46	(38)	13	(4)	1	5	23
Transfers to earnings:									
On recording hedged items in earnings	–	–	(10)	(100)	(16)	(4)	(6)	2	(134)
Hedge ineffectiveness due to changes in timing of hedged items	–	–	–	–	–	(1) ¹	–	–	(1)
At December 31, 2005	–	–	38	102	30	39	(2)	(18)	189
Effective portion of change in fair value of hedging instruments	(148)	29	(1)	137	(2)	4	(2)	–	17
Transfers to earnings:									
On recording hedged items in earnings	165	28	(16)	(84)	(14)	(4) ¹	1	1	77
At December 31, 2006	\$ 17	\$ 57	\$ 21	\$ 155	\$ 14	\$ 39	\$ (3)	\$ (17)	\$ 283
Effective portion of change in fair value of hedging instruments	–	(75)	87	249	32	(35)	–	(1)	257
Transfers to earnings:									
On recording hedged items in earnings	(2)	32	(29)	(166)	(19)	(5) ¹	3	1	(185)
At December 31, 2007	\$ 15	\$ 14	\$ 79	\$ 238	\$ 27	\$ (1)	\$ –	\$ (17)	\$ 355
Hedge gains/losses classified within	Gold sales	Copper sales	Cost of sales	Cost of sales	Administration	Amortization	Interest income	Interest expense	
Portion of hedge gain (loss) expected to affect 2008 earnings ²	\$ 2	\$ 24	\$ 27	\$ 141	\$ 18	\$ –	\$ –	\$ (1)	\$ 211

1. On determining that certain forecasted capital expenditures were no longer likely to occur within two months of the originally specified time frame.

2. Based on the fair value of hedge contracts at December 31, 2007.

d) Fair Value of Financial Instruments

Fair value is the value at which a financial instrument could be closed out or sold in a transaction with a willing and knowledgeable counterparty over a period of time consistent with our risk management or investment strategy. Fair

value is based on quoted market prices, where available. If market quotes are not available, fair value is based on internally developed models that use market-based or independent information as inputs. These models could produce a fair value that may not be reflective of future fair value.

Fair Value Information

At December 31	2007		2006	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Financial assets				
Cash and equivalents ¹	\$ 2,207	\$ 2,207	\$ 3,043	\$ 3,043
Accounts receivable ¹	256	256	234	234
Available-for-sale securities ²	96	96	646	646
Equity-method investments ³	1,074	1,113	204	212
Derivative assets ⁴	554	554	410	410
Held-to-maturity securities ⁵	46	46	–	–
	\$ 4,233	\$ 4,272	\$ 4,537	\$ 4,545
Financial liabilities				
Accounts payable ¹	\$ 808	\$ 808	\$ 686	\$ 686
Long-term debt ⁶	3,255	3,151	3,957	3,897
Derivative liabilities ⁴	165	165	232	232
Restricted share units ⁷	100	100	42	42
Deferred share units ⁷	4	4	2	2
	\$ 4,332	\$ 4,228	\$ 4,919	\$ 4,859

1. Recorded at cost. Fair value approximates the carrying amounts due to the short-term nature and generally negligible credit losses.

2. Recorded at fair value. Quoted market prices are used to determine fair value.

3. Recorded at cost, adjusted for our share of income/loss and dividends of equity investees. Excludes the investment in Atacama Pty for which there is no readily determinable fair value.

4. Recorded at fair value based on internal valuation models that reflect forward market commodity prices, currency exchange rates and interest rates, and a discount factor that is based on market US dollar interest rates. If a forward market does not exist, we obtain broker-dealer quotations. Valuations assume all counterparties have an AA credit rating.

5. Includes ABCP.

6. Long-term debt is generally recorded at cost except for obligations that are designated in a fair-value hedge relationship, which are recorded at fair value in periods where a hedge relationship exists. The fair value of long-term debt is calculated by discounting the future cash flows under a debt obligation by a discount factor that is based on US dollar market interest rates adjusted for our credit quality.

7. Recorded at fair value based on our period end closing market share price.

e) Credit Risk

Credit risk is the risk that a third party might fail to fulfill its performance obligations under the terms of a financial instrument. For cash and equivalents and accounts receivable, credit risk represents the carrying amount on the balance sheet, net of any overdraft positions.

For derivatives, when the fair value is positive, this creates credit risk. When the fair value of a derivative is negative, we assume no credit risk. In cases where we have a legally enforceable master netting agreement with a counterparty, credit risk exposure represents the net amount of the positive and negative fair values for similar types of derivatives. For a net negative amount, we regard credit risk as being zero. A net positive amount for a counterparty is a reasonable measure of credit risk when there is a legally enforceable master netting agreement. We mitigate credit risk by:

- entering into derivatives with high credit-quality counterparties;
- limiting the amount of exposure to each counterparty; and
- monitoring the financial condition of counterparties.

Location of credit risk is determined by physical location of the bank branch, customer or counterparty.

Credit Quality of Financial Assets

At December 31, 2007	S&P Credit rating			
	AA– or higher	A– or higher	B to BBB	Total
Cash and equivalents ¹	\$ 2,225	\$ 30	\$ –	\$ 2,255
Derivatives ²	405	–	–	405
Accounts receivable	–	–	256	256
Other non-current assets ³	42	3	1	46
	\$ 2,672	\$ 33	\$ 257	\$ 2,962
Number of counterparties	22	3		
Largest counterparty (%)	31%	96%		

Concentrations of Credit Risk

At December 31, 2007	United States	Canada	Other International	Total
Cash and equivalents ¹	\$ 1,831	\$ 103	\$ 321	\$ 2,255
Derivatives ²	151	139	115	405
Accounts receivable	191	46	19	256
Other non-current assets ³	46	–	–	46
	\$ 2,219	\$ 288	\$ 455	\$ 2,962

1. The amounts presented reflect the outstanding bank balance held with institutions as at December 31, 2007.

2. The amounts presented reflect the net credit exposure after considering the effect of master netting agreements.

3. Other non-current assets include ABCP.

f) Risks Relating to the Use of Derivatives

By using derivatives, in addition to credit risk, we are affected by market risk and market liquidity risk. Market risk is the risk that the fair value of a derivative might be adversely affected by a change in commodity prices, interest rates, gold lease rates, or currency exchange rates, and that this in turn affects our financial condition. We manage market risk by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. We mitigate this risk by establishing trading agreements with counterparties under which we are not required to post any collateral or make any margin calls on our derivatives. Our counterparties cannot require settlement solely because of an adverse change in the fair value of a derivative.

Market liquidity risk is the risk that a derivative cannot be eliminated quickly, by either liquidating it or by establishing an offsetting position. Under the terms of our trading agreements, counterparties cannot require us to immediately settle outstanding derivatives, except upon the occurrence of customary events of default such as covenant breaches, including financial covenants, insolvency or bankruptcy. We generally mitigate market liquidity risk by spreading out the maturity of our derivatives over time.

Each period we assess cost estimates and other assumptions used in the valuation of AROs at each of our mineral properties to reflect events, changes in circumstances and new information available. Changes in these cost estimates and assumptions have a corresponding impact on the fair value of the ARO. For closed mines, any change in the fair value of AROs results in a corresponding charge or credit within other expense, whereas at operating mines the charge is recorded as an adjustment to the carrying amount of the corresponding asset. In 2007, we recorded adjustments of \$53 million for changes in estimates of the AROs at our Hemlo, Cowal, Bulyanhulu, Lagunas Norte and Veladero operating mines. In 2007, charges of \$6 million were recorded for changes in cost estimates for AROs at closed mines (2006: \$53 million; 2005: \$15 million expense).

ARO's arise from the acquisition, development, construction and normal operation of mining property, plant and equipment, due to government controls and regulations that protect the environment on the closure and reclamation of mining properties. The major parts of the carrying amount of AROs relate to tailings and heap leach pad closure/rehabilitation; demolition of buildings/mine facilities; ongoing water treatment; and ongoing care and maintenance of closed mines. The fair values of AROs are measured by discounting the expected cash flows using a discount factor that reflects the credit-adjusted risk-free rate of interest. We prepare estimates of the timing and amount of expected cash flows when an ARO is incurred. We update expected cash flows to reflect changes in facts and circumstances. The principal factors that can cause expected cash flows to change are: the construction of new processing facilities; changes in the quantities of material in reserves and a corresponding change in the life of mine plan; changing ore characteristics that impact required environmental protection measures and related costs; changes in water quality that impact the extent of water treatment required; and changes in laws and regulations governing the protection of the environment. When expected cash flows increase, the revised cash flows are discounted using a current discount factor whereas when expected cash flows decrease the reduced cash flows are discounted using a historic discount factor, and then in both cases any change in the fair value of the ARO is recorded. We record the fair value of an ARO when it is incurred. At producing mines AROs incurred and changes in the fair value of AROs are recorded as an adjustment to the corresponding asset carrying amounts. At closed mines, any adjustment to the fair value of an ARO is charged directly to earnings. AROs are

21 ■ Asset Retirement Obligations

Asset Retirement Obligations (AROs)

	2007	2006
At January 1	\$ 893	\$ 446
AROs acquired with Placer Dome	—	387
AROs arising in the period	53	27
Impact of revisions to expected cash flows		
Revisions to carrying amount of assets	—	(7)
Recorded in earnings ¹	6	53
Settlements		
Cash payments	(33)	(32)
Settlement gains	(3)	(4)
AROs reclassified under "Liabilities of discontinued operations"	—	(16)
Accretion	50	39
At December 31	966	893
Current portion	(74)	(50)
	\$ 892	\$ 843

1. In 2006, we recognized an increase of \$37 million for a change in estimate of the ARO at the Nickel Plate property in British Columbia, Canada. The adjustment was made on receipt of an environmental study that indicated a requirement to treat ground water for an extended period of time. The increase was recorded as a component of other expense (note 8a).

adjusted to reflect the passage of time (accretion) calculated by applying the discount factor implicit in the initial fair-value measurement to the beginning-of-period carrying amount of the AROs. For producing mines, accretion is recorded in the cost of goods sold each period. For development projects and closed mines, accretion is recorded in other expense. Upon settlement of an ARO, we record a gain or loss if the actual cost differs from the carrying amount of the ARO. Settlement gains/losses are recorded in other (income) expense. Other environmental remediation costs that are not AROs as defined by FAS 143 are expensed as incurred (see note 8a).

22 ■ Other Non-current Liabilities

At December 31	2007	2006
Pension benefits (note 27)	\$ 87	\$ 85
Other post-retirement benefits (note 27)	27	33
Derivative liabilities (note 20c)	65	150
Restricted share units (note 26b)	94	42
Deferred revenue	88	136
Other	70	72
	\$ 431	\$ 518

23 ■ Deferred Income Taxes

Recognition and Measurement

We record deferred income tax assets and liabilities where temporary differences exist between the carrying amounts of assets and liabilities in our balance sheet and their tax bases. The measurement and recognition of deferred income tax assets and liabilities takes into account: enacted rates that will apply when temporary differences reverse; interpretations of relevant tax legislation; tax planning strategies; estimates of the tax bases of assets and liabilities; and the deductibility of expenditures for income tax purposes. We recognize the effect of changes in our assessment of these estimates and factors when they occur. Changes in deferred income tax assets, liabilities and valuation allowances are allocated between net income and other comprehensive income based on the source of the change.

Deferred income taxes have not been provided on the undistributed earnings of foreign subsidiaries, which are considered to be reinvested indefinitely outside Canada. The determination of the unrecorded deferred income tax liability is not considered practicable.

Sources of Deferred Income Tax Assets and Liabilities

At December 31	2007	2006
Deferred tax assets		
Tax loss carry forwards	\$ 729	\$ 798
Capital tax loss carry forwards	–	30
Alternative minimum tax (“AMT”) credits	247	198
Asset retirement obligations	342	303
Property, plant and equipment	331	333
Inventory	–	95
Post-retirement benefit obligations	23	40
Other	3	3
	1,675	1,800
Valuation allowances	(419)	(658)
	1,256	1,142
Deferred tax liabilities		
Property, plant and equipment	(1,243)	(1,377)
Derivative instruments	(122)	(9)
Other	(10)	(26)
	\$ (119)	\$ (270)
Classification:		
Non-current assets (note 18)	\$ 722	\$ 528
Non-current liabilities	(841)	(798)
	\$ (119)	\$ (270)

Expiry Dates of Tax Losses and AMT Credits

	2008	2009	2010	2011	2012+	No expiry date	Total
Tax losses¹							
Canada	\$ 3	\$ 5	\$ –	\$ –	\$ 1,583	\$ –	\$ 1,591
Australia	–	–	–	–	–	150	150
Barbados	–	–	–	–	1,056	–	1,056
Chile	–	–	–	–	–	679	679
Tanzania	–	–	–	–	–	242	242
U.S.	–	–	–	–	67	–	67
Other	–	–	2	–	–	–	2
	\$ 3	\$ 5	\$ 2	\$ –	\$ 2,706	\$ 1,071	\$ 3,787
AMT credits²	–	–	–	–	–	\$ 247	\$ 247

1. Represents the gross amount of tax loss carry forwards translated at closing exchange rates at December 31, 2007.
2. Represents the amounts deductible against future taxes payable in years when taxes payable exceed “minimum tax” as defined by United States tax legislation.

Net Deferred Tax Assets

	2007	2006
Gross deferred tax assets		
Canada	\$ 494	\$ 487
Chile	117	113
Tanzania	197	217
United States	225	247
Other	108	122
	1,141	1,186
Valuation allowances		
Canada	(55)	(59)
Chile	(105)	(110)
Tanzania	(30)	(217)
United States	(190)	(211)
Other	(39)	(61)
	\$ (419)	\$ (658)
Non-current assets	\$ 722	\$ 528

Valuation Allowances

We consider the need to record a valuation allowance against deferred tax assets, taking into account the effects of local tax law. A valuation allowance is not recorded when we conclude that sufficient positive evidence exists to demonstrate that it is more likely than not that a deferred tax asset will be realized. The main factors considered are:

- Historic and expected future levels of future taxable income;
- Tax plans that affect whether tax assets can be realized; and
- The nature, amount and expected timing of reversal of taxable temporary differences.

Levels of future taxable income are mainly affected by: market gold and silver prices; forecasted future costs and expenses to produce gold reserves; quantities of proven and probable gold reserves; market interest rates and foreign currency exchange rates. If these factors or other circumstances change, we record an adjustment to valuation allowances to reflect our latest assessment of the amount of deferred tax assets that will more likely than not be realized.

A deferred income tax asset totaling \$439 million has been recorded in Canada. This deferred tax asset primarily arose due to mark-to-market losses realized for acquired Placer Dome derivative instruments. Projections of various sources of income support the conclusion that the realizability of this deferred tax asset is more likely than not, and consequently no valuation allowance has been set up for this deferred tax asset.

A deferred tax asset of \$167 million has been recorded in Tanzania following the release of tax valuation allowances totaling \$189 million in 2007. The release of tax valuation allowances resulted from the impact of rising market gold prices on expectations of future taxable income and the ability to realize these tax assets.

A partial valuation allowance of \$190 million has been set up against deferred tax assets in the United States at December 31, 2007. The majority of this valuation allowance relates to AMT credits in periods when partly due to low market gold prices, Barrick was an AMT tax payer in the United States. If market gold prices continue to rise, it is reasonably possible that some or all of these valuation allowances could be released in future periods.

A valuation allowance of \$105 million exists as at December 31, 2007 against tax loss carry forwards in Chile that exist in entities that have no present sources of income.

Source of Changes in Deferred Tax Balances

For the years ended December 31	2007	2006	2005
Temporary differences			
Property, plant and equipment	\$ 24	\$ (1,111)	\$ 30
Asset retirement obligations	39	128	(69)
Tax loss carry forwards	(69)	546	38
Derivatives	(113)	52	(34)
Other	9	(17)	(3)
	\$ (110)	\$ (402)	\$ (38)
Net currency translation gains on deferred tax balances	76	5	11
Canadian tax rate changes	(64)	(12)	–
Adjustment to deferred tax balances due to change in tax status ¹	–	31	(5)
Release of end of year Tanzanian valuation allowances	156	–	–
Release of other valuation allowances	88	53	(32)
	\$ 146	\$ (325)	\$ (64)
Intraperiod allocation to:			
Income from continuing operations before income taxes	\$ 174	\$ 109	\$ (30)
Placer Dome acquisition (note 3g)	–	(432)	–
Porgera mine acquisition (note 3e)	20	–	–
OCI (note 25)	(48)	(2)	(34)
Other	5	28	(5)
	\$ 151	\$ (297)	\$ (69)

1. Relates to changes in tax status in Australia (note 9).

Unrecognized Tax Benefits

Balance at January 1, 2007	20
Additions based on tax positions related to the current year	1
Additions for tax positions of prior years	–
Reductions for tax positions of prior years	(2)
Settlements	(4)
Balance at December 31, 2007 ^{1,2}	15

1. If recognized, the total amount of \$15 million would be recognized as a benefit to income taxes on the income statement, and therefore would impact the reported effective tax rate.

2. Includes interest and penalties of \$1 million.

We expect the amount of unrecognized tax benefits to decrease within 12 months of the reporting date by approximately \$2 to \$3 million, related primarily to the expected settlement of Canadian income and mining tax assessments.

Tax Years Still Under Examination

Canada	2003–2007
United States	2003–2007
Peru	2004–2007
Chile	2004–2007
Argentina	2002–2007
Australia	all years open
Papua New Guinea	2002–2007
Tanzania	all years open

Peruvian Tax Assessment

On September 30, 2004, the Tax Court of Peru issued a decision in our favor in the matter of our appeal of a 2002 income tax assessment for an amount of \$32 million, excluding interest and penalties. The assessment mainly related to the validity of a revaluation of the Pierina mining concession, which affected its tax basis for the years 1999 and 2000. The full life-of-mine effect on current and deferred income tax liabilities totaling \$141 million was fully recorded at December 31, 2002, as well as other related costs of about \$21 million.

In January 2005, we received written confirmation that there would be no appeal of the September 30, 2004 Tax Court of Peru decision. In December 2004, we recorded a \$141 million reduction in current and deferred income tax liabilities and a \$21 million reduction in other accrued costs. The confirmation concluded the administrative and judicial appeals process with resolution in Barrick's favor.

Notwithstanding the favorable Tax Court decision we received in 2004 on the 1999 to 2000 revaluation matter, on an audit concluded in 2005, SUNAT has reassessed us on the same issue for tax years 2001 to 2003. On October 19, 2007, SUNAT confirmed their reassessment. The tax assessment is for \$49 million of tax, plus interest and penalties of \$116 million. We filed an appeal to the Tax Court of Peru within the statutory period. We believe that the audit reassessment has no merit, that we will prevail in court again, and accordingly no liability has been recorded for this reassessment.

24 ■ Capital Stock

a) Common Shares

Our authorized capital stock includes an unlimited number of common shares (issued 869,886,631 common shares); 9,764,929 First preferred shares Series A (issued nil); 9,047,619 Series B (issued nil); 1 Series C special voting share (issued 1); and 14,726,854 Second preferred shares Series A (issued nil).

In 2007, we declared and paid dividends in US dollars totaling \$0.30 per share (\$261 million) (2006: \$0.22 per share, \$191 million; 2005: \$0.22 per share, \$118 million).

b) Exchangeable Shares

In connection with a 1998 acquisition, Barrick Gold Inc. ("BGI"), issued 11.1 million BGI exchangeable shares, which are each exchangeable for 0.53 of a Barrick common share at any time at the option of the holder, and have essentially the same voting, dividend (payable in Canadian dollars), and other rights as 0.53 of a Barrick common share. BGI is a subsidiary that holds our interest in the Hemlo and Eskay Creek Mines.

At December 31, 2007, 1.4 million (2006 – 1.4 million) BGI exchangeable shares were outstanding, which are equivalent to 0.7 million Barrick common shares (2006 – 0.7 million common shares), and are reflected in the number of common shares outstanding. We have the right to require the exchange of each outstanding BGI exchangeable share for 0.53 of a Barrick common share. While there are exchangeable shares outstanding, we are required to present summary consolidated financial information relating to BGI.

Summarized Financial Information for BGI

For the years ended December 31	2007	2006	2005
Total revenues and other income	\$ 213	\$ 233	\$ 181
Less: costs and expenses ¹	202	215	186
Income (loss) before taxes	\$ 11	\$ 18	\$ (5)
Net income	\$ 22	\$ 33	\$ 21
At December 31	2007	2006	
Assets			
Current assets	\$ 123	\$ 127	
Non-current assets	47	50	
	\$ 170	\$ 177	
Liabilities and shareholders' equity			
Liabilities			
Other current liabilities	22	25	
Intercompany notes payable	409	387	
Other long-term liabilities	109	80	
Shareholders' equity	(370)	(315)	
	\$ 170	\$ 177	

1. 2006 includes a \$37 million increase in the ARO at the Nickel Plate property (see note 21).

25 ▪ Other Comprehensive Income (Loss) (“OCI”)

	2007	2006	2005
Accumulated OCI at January 1			
Cash flow hedge gains, net of tax of \$60, \$61, \$95	\$ 223	\$ 128	\$ 206
Investments, net of tax of \$7, \$nil, \$nil	46	12	21
Currency translation adjustments, net of tax of \$nil, \$nil, \$nil	(143)	(143)	(146)
Pension plans and other post-retirement benefits, net of tax of \$4, \$nil, \$nil	(7)	(28)	(12)
	\$ 119	\$ (31)	\$ 69
Other comprehensive income (loss) for the period:			
Changes in fair value of cash flow hedges	257	17	23
Changes in fair value of investments	58	43	(8)
Currency translation adjustments	–	–	3
Pension plans and other post-retirement benefits:			
Adjustments to minimum pension liability prior to adoption of FAS 158	–	15	(16)
FAS 158 adjustments (note 27c):			
Elimination of minimum pension liability	–	13	–
Net actuarial gain (loss)	19	(9)	–
Transition obligation	1	(2)	–
Less: reclassification adjustments for gains/losses recorded in earnings:			
Transfers of cash flow hedge (gains) losses to earnings:			
On recording hedged items in earnings	(185)	77	(134)
Hedge ineffectiveness due to changes in timing of hedged items	–	–	(1)
Investments:			
Other than temporary impairment charges	1	4	16
Gains realized on sale	(71)	(6)	(17)
Other comprehensive income (loss), before tax	80	152	(134)
Income tax recovery (expense) related to OCI	(48)	(2)	34
Other comprehensive income (loss), net of tax	\$ 32	\$ 150	\$ (100)
Accumulated OCI at December 31			
Cash flow hedge gains, net of tax of \$105, \$60, \$61	250	223	128
Investments, net of tax of \$4, \$7, \$nil	37	46	12
Currency translation adjustments, net of tax of \$nil, \$nil, \$nil	(143)	(143)	(143)
Pension plans and other post-retirement benefits, net of tax of \$2, \$4, \$nil	7	(7)	(28)
	\$ 151	\$ 119	\$ (31)

26 ▪ Stock-based Compensation

a) Stock Options

In September 2006, the SEC released a letter on accounting for stock options. The letter addresses the determination of the grant date and measurement date for stock option awards. For Barrick, the stock option grant date is the date when the details of the award, including the number of options granted by individual and the exercise price, are approved. The application of the principles in the letter issued by the SEC did not change the date that has been historically determined as the measurement date for stock option grants.

Under Barrick’s stock option plan certain officers and key employees of the Corporation may purchase common shares at an exercise price that is equal to the closing share price on the day before the grant of the option. Stock options vest evenly over four years, beginning in the year after granting. Options granted in July 2004 and prior are exercisable over 10 years, whereas options granted since December 2004 are exercisable over 7 years. At December 31, 2007, 10 million (2006: 13 million; 2005: 12 million) common shares, in addition to those currently outstanding, were available for granting options. Stock options when exercised result in an increase to the number of common shares issued by Barrick.

Compensation expense for stock options was \$25 million in 2007 (2006: \$27 million; 2005: \$nil), and is presented as a component of cost of sales, corporate administration and other expense, consistent with the classification of other elements of compensation expense for those employees who

had stock options. The recognition of compensation expense for stock options reduced earnings per share for 2007 by \$0.03 per share (2006: \$0.03 per share).

Total intrinsic value relating to options exercised in 2007 was \$58 million (2006: \$27 million; 2005: \$22 million).

Employee Stock Option Activity (Number of Shares in Millions)

	2007		2006		2005	
	Shares	Average price	Shares	Average price	Shares	Average price
C\$ options						
At January 1	11.9	\$ 28	14.7	\$ 28	19.4	\$ 28
Granted	–	\$ –	–	\$ –	–	\$ –
Issued on acquisition of Placer Dome	–	\$ –	1.7	\$ 34	–	\$ –
Exercised	(3.9)	\$ 28	(2.4)	\$ 26	(3.8)	\$ 25
Forfeited	(0.1)	\$ 29	(0.2)	\$ 27	(0.8)	\$ 27
Cancelled/expired	(0.8)	\$ 35	(1.9)	\$ 40	(0.1)	\$ 40
At December 31	7.1	\$ 27	11.9	\$ 28	14.7	\$ 28
US\$ options						
At January 1	7.7	\$ 25	6.9	\$ 24	5.9	\$ 22
Granted	1.4	\$ 40	1.1	\$ 30	2.1	\$ 25
Issued on acquisition of Placer Dome	–	\$ –	1.0	\$ 19	–	\$ –
Exercised	(1.7)	\$ 23	(0.9)	\$ 21	(0.3)	\$ 15
Forfeited	(0.3)	\$ 25	(0.4)	\$ 24	(0.4)	\$ 28
Cancelled/expired	(0.1)	\$ 22	–	\$ 25	(0.4)	\$ 26
At December 31	7.0	\$ 28	7.7	\$ 25	6.9	\$ 24

Stock Options Outstanding (Number of Shares in Millions)

Range of exercise prices	Outstanding				Exercisable		
	Shares	Average price	Average life (years)	Intrinsic value ¹ (\$ millions)	Shares	Average price	Intrinsic value ¹ (\$ millions)
C\$ options							
\$ 22 – \$ 27	3.2	\$ 24	4	\$ 57	3.2	\$ 24	\$ 57
\$ 28 – \$ 31	3.8	\$ 29	4	47	3.7	\$ 29	46
\$ 32 – \$ 43	0.1	\$ 32	4	1	0.1	\$ 32	1
	7.1	\$ 27	4	\$ 105	7.0	\$ 27	\$ 104
US\$ options							
\$ 9 – \$ 19	0.2	\$ 13	5	\$ 5	0.2	\$ 13	\$ 5
\$ 20 – \$ 27	4.3	\$ 24	4	77	2.8	\$ 24	51
\$ 28 – \$ 41	2.5	\$ 35	8	16	0.3	\$ 30	4
	7.0	\$ 28	6	\$ 98	3.3	\$ 24	\$ 60

1. Based on the closing market share price on December 31, 2007 of C\$41.78 and US\$42.05.

Option Information

For the years ended December 31
(per share and per option amounts in dollars)

	2007	2006	2005	
Valuation assumptions	Lattice ^{1,2}	Lattice ^{1,2}	Black-Scholes ¹	Lattice ²
Expected term (years)	4.5–5	4.5–5	5	5
Expected volatility ²	30%–38%	30%–38%	23%–30%	31%–38%
Weighted average expected volatility ²	36.6%	31.6%	n/a	33.3%
Expected dividend yield	0.7%–0.9%	0.7%–0.9%	0.8%–1.0%	0.9%
Risk-free interest rate ²	3.2%–5.1%	4.3%–5.1%	3.8%–4.0%	4.3%–4.5%
Options granted (in millions) ³	1.4	1.1	1.1	1.0
Weighted average fair value per option	\$ 12.91	\$ 9.42	\$ 7.30	\$ 8.13

1. Different assumptions were used for the multiple stock option grants during the year.

2. Stock option grants issued after September 30, 2005 were valued using the Lattice valuation model. The volatility and risk-free interest rate assumption varied over the expected term of these stock option grants.

3. Excludes 2.7 million fully vested options issued on the acquisition of Placer Dome.

We changed the model used to value stock option grants from the Black-Scholes model to the Lattice valuation model for stock options granted after September 30, 2005. We believe the Lattice valuation model provides a more representative fair value because it incorporates more attributes of stock options such as employee turnover and voluntary exercise patterns of option holders. For options granted before September 30, 2005, fair value was determined using the Black-Scholes method. The expected volatility assumptions have been developed taking into consideration both historical and implied volatility of our US dollar share price. The risk-free rate for periods within the contractual life of the option is based on the US Treasury yield curve in effect at the time of the grant.

We use the straight-line method for attributing stock option expense over the vesting period. Stock option expense incorporates an expected forfeiture rate. The expected forfeiture rate is estimated based on historical forfeiture rates and expectations of future forfeitures rates. We make adjustments if the actual forfeiture rate differs from the expected rate.

Under the Black-Scholes model the expected term assumption takes into consideration assumed rates of employee turnover and represents the estimated average length of time stock options remain outstanding before they are either exercised or forfeited. Under the Lattice valuation model, the expected term assumption is derived from the option valuation model and is in part based on historical data regarding the exercise behavior of option holders based on multiple share-price paths. The Lattice model also takes into consideration employee turnover and voluntary exercise patterns of option holders.

As at December 31, 2007, there was \$33 million (2006: \$39 million; 2005: \$56 million) of total unrecognized compensation cost relating to unvested stock options. We expect to recognize this cost over a weighted average period of 2 years (2006: 2 years; 2005: 2 years).

For years prior to 2006, we utilized the intrinsic value method of accounting for stock options, which resulted in no compensation expense. If compensation expense had been determined in accordance with the fair value provisions of SFAS No. 123 pro-forma net income and net income per share would have been as follows:

Stock Option Expense

For the years ended December 31
(\$ millions, except per share
amounts in dollars)

	2005
Pro forma effects	
Net income, as reported	401
Stock option expense	(26)
Pro forma net income	375
Net income per share:	
As reported – basic	\$ 0.75
As reported – diluted	\$ 0.75
Pro forma ¹	\$ 0.70

1. Basic and diluted.

b) Restricted Share Units (RSUs) and Deferred Share Units (DSUs)

Under our RSU plan, selected employees are granted RSUs where each RSU has a value equal to one Barrick common share. RSUs vest at the end of a three year period and are settled in cash on the third anniversary of the grant date. Additional RSUs are credited to reflect dividends paid on Barrick common shares over the vesting period.

A liability for RSUs is recorded at fair value on the grant date, with a corresponding amount recorded as a deferred compensation asset that is amortized on a straight-line basis over the vesting period. Changes in the fair value of the RSU liability are recorded each period, with a corresponding adjustment to the deferred compensation asset. Compensation expense for RSUs incorporates an expected forfeiture rate. The expected forfeiture rate is estimated based on historical forfeiture rates and expectations of future forfeiture rates. We make adjustments if the actual forfeiture rate differs from the expected rate. At December 31, 2007, the weighted average remaining contractual life of RSUs was 2.5 years.

Compensation expense for RSUs was \$16 million in 2007 (2006: \$6 million; 2005: \$2 million) and is presented as a component of cost of sales, corporate administration and other expense, consistent with the classification of other elements of compensation expense for those employees who had RSUs. As at December 31, 2007 there was \$75 million of total unamortized compensation cost relating to unvested RSUs (2006: \$36 million; 2005: \$11 million).

Under our DSU plan, Directors must receive a specified portion of their basic annual retainer in the form of DSUs, with the option to elect to receive 100% of such retainer in DSUs. Each DSU has the same value as one Barrick common share. DSUs must be retained until the Director leaves the Board, at which time the cash value of the DSUs will be paid out. Additional DSUs are credited to reflect dividends paid on Barrick common shares. DSUs are recorded at fair value on the grant date and are adjusted for changes in fair value. The fair value of amounts granted each period together with changes in fair value are expensed.

DSU and RSU Activity

	DSUs (thousands)	Fair value (millions)	RSUs (thousands)	Fair value (millions)
At December 31, 2004	31	\$ 0.7	235	\$ 5.6
Settled for cash	(3)	(0.1)	–	–
Forfeited	–	–	(38)	(0.9)
Granted	19	0.5	415	11.1
Converted to stock options	–	–	(3)	(0.1)
Credits for dividends	–	–	2	0.1
Change in value	–	0.3	–	0.6
At December 31, 2005	47	\$ 1.4	611	\$ 16.4
Settled for cash	–	–	(82)	(2.5)
Forfeited	–	–	(58)	(1.6)
Granted ¹	22	0.7	893	27
Converted to stock options ¹	–	–	(18)	(0.5)
Credits for dividends	–	–	8	0.2
Change in value	–	–	–	2.6
At December 31, 2006	69	\$ 2.1	1,354	\$ 41.6
Settled for cash	(11)	(0.3)	(119)	(4.9)
Forfeited	–	–	(38)	(1.4)
Granted	42	1.4	1,174	47.5
Credits for dividends	–	–	12	0.4
Change in value	–	0.9	–	17.0
At December 31, 2007	100	\$ 4.1	2,383	\$ 100.2

1. In January 2006, under our RSU plan, 18,112 restricted share units were converted to 72,448 stock options.

c) Employee Share Purchase Plan

During the first quarter of 2008, Barrick is expected to launch an Employee Share Purchase Plan. This plan will enable Barrick employees to purchase Company shares through payroll deduction. Each year, employees may contribute 1%–6% of their combined base salary and annual bonus, and Barrick will match 50% of the contribution, up to a maximum of \$5,000 per year.

27 ▪ Post-retirement Benefits

a) Defined Contribution Pension Plans

Certain employees take part in defined contribution employee benefit plans. We also have a retirement plan for certain officers of the Company, under which we contribute 15% of the officer's annual salary and bonus. Our share of contributions to these plans, which is expensed in the year it is earned by the employee, was \$49 million in 2007, \$36 million in 2006 and \$20 million in 2005.

b) Defined Benefit Pension Plans

We have qualified defined benefit pension plans that cover certain of our United States, Canadian and Australian employees and provide benefits based on employees' years of service. Through the acquisition of Placer Dome, we acquired pension plans in the United States, Canada and Australia. Our policy is to fund the amounts necessary on an actuarial basis to provide enough assets to meet the benefits payable to plan members. Independent trustees administer assets of the plans, which are invested mainly in fixed-income and equity securities. On June 30, 2007, one of our qualified defined benefit plans in Canada was wound-up. No curtailment gain or loss resulted and the obligations of the plans are expected to be settled at the end of 2008. On November 30, 2007, one of our defined benefit plans in Australia was wound-up and on December 31, 2007, the other defined benefit plan in Australia was wound-up. No curtailment gain or loss resulted for either plan. In 2006, actuarial assumptions were amended for one of our qualified defined benefit plans in Canada and on June 30, 2006, one of our other plans in Canada was partially wound-up; no curtailment gain or loss resulted for either plan. Also in 2006, one of our qualified defined benefit plans was amended to freeze benefits in the United States accruals for all employees, resulting in a curtailment gain of \$8 million.

As well as the qualified plans, we have non-qualified defined benefit pension plans covering certain employees and former directors of the Company. An irrevocable trust ("rabbi trust") was set up to fund these plans. The fair value of assets held in this trust was \$19 million in 2007 (2006: \$21 million), and is recorded in our consolidated balance sheet under available-for-sale securities.

Actuarial gains and losses arise when the actual return on plan assets differs from the expected return on plan assets for a period, or when the expected and actuarial accrued benefit obligations differ at the end of the year. We amortize actuarial gains and losses over the average remaining life expectancy of plan participants, in excess of a 10% corridor.

Pension Expense (Credit)

For the years ended December 31	2007	2006	2005
Expected return on plan assets	\$ (21)	\$ (20)	\$ (11)
Service cost	2	4	–
Interest cost	21	22	12
Actuarial losses	1	1	–
Curtailment gains	–	(8)	–
	\$ 3	\$ (1)	\$ 1

c) Pension Plan Information

Fair Value of Plan Assets

For the years ended December 31	2007	2006	2005
Balance at January 1	\$ 301	\$ 166	\$ 170
Increase for plans assumed on acquisition of Placer Dome	–	127	–
Actual return on plan assets	31	35	10
Company contributions	10	10	10
Settlements	(14)	–	–
Benefits paid	(35)	(37)	(24)
Balance at December 31	\$ 293	\$ 301	\$ 166

At December 31	2007	2006	2005
	Target	Actual	Actual
Composition of plan assets:			
Equity securities	60%	45%	\$ 130
Debt securities	40%	42%	123
Fixed income securities		12%	35
Real estate		–	9
Other		2%	5
		100%	\$ 293
			\$ 301

Projected Benefit Obligation (PBO)

For the years ended December 31	2007	2006
Balance at January 1	\$ 389	\$ 224
Increase for plans assumed on acquisition of Placer Dome	–	191
Service cost	2	4
Interest cost	21	22
Actuarial (gains) losses	1	(7)
Benefits paid	(35)	(37)
Curtailments	(14)	(8)
Balance at December 31	\$ 364	\$ 389
Funded status ¹	\$ (71)	\$ (88)
ABO ^{2,3}	\$ 254	\$ 386

1. Represents the fair value of plan assets less projected benefit obligations. Plan assets exclude investments held in a rabbi trust that are recorded separately on our balance sheet under Investments (fair value \$19 million at December 31, 2007). In the year ending December 31, 2008, we do not expect to make any further contributions.

2. For 2007, we used a measurement date of December 31, 2007 to calculate accumulated benefit obligations.

3. Represents the accumulated benefit obligation ("ABO") for all plans. The ABO for plans where the PBO exceeds the fair value of plan assets was \$254 million (2006: \$110 million).

Pension Plan Assets/Liabilities

For the years ended December 31	2007	2006
Non-current assets	\$ 25	\$ 5
Current liabilities	(8)	(8)
Non-current liabilities	(87)	(85)
Other comprehensive income ¹	(8)	6
	\$ (78)	\$ (82)

1. Amounts represent actuarial (gains) losses.

The projected benefit obligation and fair value of plan assets for pension plans with a projected benefit obligation in excess of plan assets at December 31, 2007 and 2006 were as follows:

For the years ended December 31	2007	2006
Projected benefit obligation, end of year	\$ 329	\$ 111
Fair value of plan assets, end of year	\$ 258	\$ 62

The projected benefit obligation and fair value of plan assets for pension plans with an accumulated benefit obligation in excess of plan assets at December 31, 2007 and 2006 were as follows:

For the years ended December 31	2007	2006
Projected benefit obligation, end of year	\$ 329	\$ 111
Accumulated benefit obligation, end of year	\$ 330	\$ 110
Fair value of plan assets, end of year	\$ 258	\$ 62

Expected Future Benefit Payments

For the years ending December 31	
2008	\$ 61
2009	24
2010	31
2011	24
2012	24
2013 – 2017	\$ 117

d) Actuarial Assumptions

For the years ended December 31	2007	2006	2005
Discount rate ¹			
Benefit obligation	4.50–6.30%	4.40–5.90%	5.50%
Pension cost	4.50–5.81%	4.40–5.90%	5.50%
Return on plan assets ¹	4.50–7.25%	7.00–7.25%	7.00%
Wage increases	3.50–5.00%	3.5–5.00%	5.00%

1. Effect of a one-percent change: Discount rate: \$25 million decrease in ABO and \$1 million increase in pension cost; Return on plan assets: \$3 million decrease in pension cost.

Pension plan assets, which consist primarily of fixed-income and equity securities, are valued using current market quotations. Plan obligations and the annual pension expense are determined on an actuarial basis and are affected by numerous assumptions and estimates including the market value of plan assets, estimates of the expected return on plan assets, discount rates, future wage increases and other assumptions. The discount rate, assumed rate of return on plan assets and wage increases are the assumptions that generally have the most significant impact on our pension cost and obligation.

The discount rate for benefit obligation and pension cost purposes is the rate at which the pension obligation could be effectively settled. This rate was developed by matching the cash flows underlying the pension obligation with a spot rate curve based on the actual returns available on high-grade (Moody's Aa) US corporate bonds. Bonds included in this analysis were restricted to those with a minimum outstanding balance of \$50 million. Only non-callable bonds, or bonds with a make-whole provision, were included. Finally, outlying bonds (highest and lowest 10%) were discarded as being non-representative and likely to be subject to a change in investment grade. The resulting discount rate from this analysis was rounded to the nearest 25 basis points. The procedure was applied separately for pension and post-retirement plan purposes, and produced the same rate in each case.

The assumed rate of return on assets for pension cost purposes is the weighted average of expected long-term asset return assumptions. In estimating the long-term rate of return for plan assets, historical markets are studied and long-term historical returns on equities and fixed-income investments reflect the widely accepted capital market principle that assets with higher volatility generate a greater return over the long run. Current market factors such as inflation and interest rates are evaluated before long-term capital market assumptions are finalized.

Wage increases reflect the best estimate of merit increases to be provided, consistent with assumed inflation rates.

e) Other Post-retirement Benefits

We provide post-retirement medical, dental, and life insurance benefits to certain employees. We use the corridor approach in the accounting for post-retirement benefits. Actuarial gains and losses resulting from variances between actual results and economic estimates or actuarial assumptions are deferred and amortized over the average remaining life expectancy of participants when the net gains or losses exceed 10% of the accumulated post-retirement benefit obligation.

Other Post-retirement Benefits Expense

For the years ended December 31	2007	2006	2005
Interest cost	\$ 2	\$ 2	\$ 2
Other	–	–	5
	\$ 2	\$ 2	\$ 7

Fair Value of Plan Assets

For the years ended December 31	2007	2006	2005
Balance at January 1	\$ –	\$ –	\$ –
Contributions	2	3	4
Benefits paid	(2)	(3)	(4)
Balance at December 31	\$ –	\$ –	\$ –

Accumulated Post-retirement Benefit Obligation (APBO)

For the years ended December 31	2007	2006	2005
Balance at January 1	\$ 37	\$ 39	\$ 29
Interest cost	2	2	2
Actuarial losses	(7)	(1)	11
Benefits paid	(2)	(3)	(3)
Balance at December 31	\$ 30	\$ 37	\$ 39
Funded status	(30)	(37)	(38)
Unrecognized net transition obligation	n/a	n/a	1
Unrecognized actuarial losses	n/a	n/a	6
Net benefit liability recorded	n/a	n/a	\$ (31)

Other Post-retirement Assets/Liabilities

For the year ended December 31	2007	2006
Current liability	\$ (3)	\$ (3)
Non-current liability	(27)	(33)
Accumulated other comprehensive income	(1)	5
	\$ (31)	\$ (31)

Amounts recognized in accumulated other comprehensive income consist of:¹

For the year ended December 31	2007	2006
Net actuarial loss (gain)	\$ (2)	\$ 3
Transition obligation (asset)	1	2
	\$ (1)	\$ 5

1. The estimated amounts that will be amortized into net periodic benefit cost in 2008.

We have assumed a health care cost trend of 9% in 2008, decreasing ratable to 5% in 2010 and thereafter. The assumed health care cost trend had a minimal effect on the amounts reported. A one percentage point change in the assumed health care cost trend rate at December 31, 2007 would have had no significant effect on the post-retirement obligation and would have had no significant effect on the benefit expense for 2007.

Expected Future Benefit Payments

For the years ending December 31	
2008	\$ 3
2009	3
2010	3
2011	3
2012	3
2013 – 2017	\$ 11

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. In assessing loss contingencies related to legal proceedings that are pending against us or unasserted claims that may result in such proceedings, the Company and its legal counsel evaluate the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought.

If the assessment of a contingency suggests that a loss is probable, and the amount can be reliably estimated, then a loss is recorded. When a contingent loss is not probable but is reasonably possible, or is probable but the amount of loss cannot be reliably estimated, then details of the contingent loss are disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case we disclose the nature of the guarantee. Legal fees incurred in connection with pending legal proceedings are expensed as incurred.

Wagner Complaint

On June 12, 2003, a complaint was filed against Barrick and several of its current or former officers in the U.S. District Court for the Southern District of New York. The complaint is on behalf of Barrick shareholders who purchased Barrick shares between February 14, 2002 and September 26, 2002. It alleges that Barrick and the individual defendants violated U.S. securities laws by making false and misleading statements concerning Barrick's projected operating results and earnings in 2002. The complaint seeks an unspecified amount of damages. Other parties filed several other complaints, making the same basic allegations against the same defendants. In September 2003, the cases were consolidated into a single action in the Southern District of New York. The plaintiffs filed a Third Amended Complaint on January 6, 2005. On May 23, 2005, Barrick filed a motion to dismiss part of the Third Amended Complaint. On January 31, 2006, the Court issued an order granting in part and denying in part Barrick's motion to dismiss. Both parties moved for reconsideration of a portion of the Court's January 31, 2006 Order. On December 12, 2006, the Court issued its order denying both parties' motions for reconsideration. On February 15, 2008, the Court issued an order granting the plaintiffs' motion for class certification. Discovery is ongoing. We intend to defend the action vigorously. No amounts have been accrued for any potential loss under this complaint.

Marinduque Complaint

Placer Dome has been named the sole defendant in a Complaint filed on October 4, 2005, by the Provincial Government of Marinduque, an island province of the Philippines ("Province"), with the District Court in Clark County, Nevada. The action was removed to the Nevada Federal District Court on motion of Placer Dome. The Complaint asserts that Placer Dome is responsible for alleged environmental degradation with consequent economic damages and impacts to the environment in the vicinity of the Marcopper mine that was owned and operated by Marcopper Mining Corporation ("Marcopper"). Placer Dome indirectly owned a minority shareholding of 39.9% in Marcopper until the divestiture of its shareholding in 1997. The Province seeks "to recover damages for injuries to the natural, ecological and wildlife resources within its territory", but "does not seek to recover damages for individual injuries sustained by its citizens either to their persons or their property". In addition to damages for injury to natural resources, the Province seeks compensation for the costs of restoring the environment, an order directing Placer Dome to undertake and complete "the remediation, environmental cleanup, and balancing of the ecology of the affected areas," and payment of the costs of environmental monitoring. The Complaint addresses the discharge of mine tailings into Calancan Bay, the 1993 Maguila-guila dam breach, the 1996 Boac river tailings spill, and alleged past and continuing damage from acid rock drainage.

At the time of the amalgamation of Placer Dome and Barrick Gold Corporation, a variety of motions were pending before the District Court, including motions to dismiss the action for lack of personal jurisdiction and for *forum non conveniens* (improper choice of forum). However, on June 29, 2006, the Province filed a Motion to join Barrick Gold Corporation as an additional named Defendant and for leave to file a Third Amended Complaint. The Court granted that motion on March 2, 2007. On March 6, 2007, the Court issued an order setting a briefing schedule on the Company's motion to dismiss on grounds of *forum non conveniens*. Briefing was completed on May 21, 2007, and on June 7, 2007, the Court issued an order granting the Company's motion to dismiss. On June 25, 2007, the Province filed a motion requesting the Court to reconsider its Order dismissing the action. The Company opposed the motion for reconsideration. On July 6, 2007, the Province filed a Notice of Appeal to the Ninth Circuit from the Order on the motion to dismiss. On August 8, 2007, the Ninth Circuit issued an order holding the appeal in abeyance pending the district court's resolution of the motion for reconsideration.

On January 16, 2008, the district court issued an order denying the Province's motion for reconsideration. Following the district court order, the Province has filed an amended Notice of Appeal. We will challenge the claims of the Province on various grounds and otherwise vigorously defend the action. No amounts have been accrued for any potential loss under this complaint.

Calancan Bay (Philippines) Complaint

On July 23, 2004, a complaint was filed against Marcopper and Placer Dome Inc. ("PDI") in the Regional Trial Court of Boac, on the Philippine island of Marinduque, on behalf of a putative class of fishermen who reside in the communities around Calancan Bay, in northern Marinduque. The complaint alleges injuries to health and economic damages to the local fisheries resulting from the disposal of mine tailings from the Marcopper mine. The total amount of damages claimed is approximately US\$900 million.

On October 16, 2006, the court granted the plaintiffs' application for indigent status, allowing the case to proceed without payment of filing fees. On January 17, 2007, the Court issued a summons to Marcopper and PDI. To date, we are unaware of any attempts to serve the summons on PDI, nor do we believe that PDI is properly amenable to service in the Philippines. If service is attempted, the Company intends to defend the action vigorously. No amounts have been accrued for any potential loss under this complaint.

Pakistani Constitutional Litigation

On November 28, 2006, a Constitutional Petition was filed in the High Court of Balochistan by three Pakistan citizens against: Barrick, the governments of Balochistan and Pakistan, the Balochistan Development Authority ("BDA"), Tethyan Copper Company ("TCC"), Antofagasta Plc ("Antofagasta"), Muslim Lakhani and BHP (Pakistan) Pvt Limited ("BHP").

The Petition alleged, among other things, that the entry by the BDA into the 1993 Joint Venture Agreement ("JVA") with BHP to facilitate the exploration of the Reko Diq area and the grant of related exploration licenses were illegal and that the subsequent transfer of the interests of BHP in the JVA and the licenses to TCC was also illegal and should therefore be set aside. Barrick currently indirectly holds 50% of the shares of TCC, with Antofagasta indirectly holding the other 50%.

On June 26, 2007, the High Court of Balochistan dismissed the Petition against Barrick and the other respondents in its entirety. On August 23, 2007, the petitioners filed a Civil Petition for Leave to Appeal in the Supreme Court of

Pakistan. The Supreme Court of Pakistan has not yet considered the Civil Petition for Leave to Appeal. Barrick intends to defend this action vigorously. No amounts have been accrued for any potential loss under this complaint.

NovaGold Litigation

On August 24, 2006, during the pendency of Barrick's unsolicited bid for NovaGold Resources Inc., NovaGold filed a complaint against Barrick in the United States District Court for the District of Alaska. The complaint was amended on several occasions with the most recent amendment having been filed in January 2007. The complaint, as amended, sought a declaration that Barrick will be unable to satisfy the requirements of the Mining Venture Agreement between NovaGold and Barrick which would allow Barrick to increase its interest in the Donlin Creek joint venture from 30% to 70%. NovaGold also asserted that Barrick breached its fiduciary and contractual duties to NovaGold, including its duty of good faith and fair dealing, by misusing confidential information of NovaGold regarding NovaGold's Galore Creek project in British Columbia. NovaGold sought declaratory relief, an injunction and an unspecified amount of damages. Barrick's Motion to Dismiss NovaGold's amended complaint was heard on February 9, 2007. On July 17, 2007 the Court issued its order granting the Motion to Dismiss with respect to all claims. On August 28, 2007, NovaGold filed a notice of appeal as to a portion of the district court's order granting Barrick's motion to dismiss.

On August 11, 2006, NovaGold filed a complaint against Barrick in the Supreme Court of British Columbia. The complaint asserted that in the course of discussions with NovaGold of a potential joint venture for the development of the Galore Creek project, Barrick misused confidential information of NovaGold regarding that project to, among other things, wrongfully acquire Pioneer Metals, a company that holds mining claims adjacent to NovaGold's project. NovaGold asserted that Barrick breached fiduciary duties owed to NovaGold, intentionally and wrongfully interfered with NovaGold's interests and has been unjustly enriched. NovaGold sought a constructive trust over the shares in Pioneer acquired by Barrick and an accounting for any profits of Barrick's conduct, as well as an unspecified amount of damages.

On December 3, 2007 Barrick and NovaGold announced that a global settlement of all disputes between them had been reached. As a result of this settlement, all pending legal actions between Barrick and NovaGold have been dismissed.