

# Financial Strength

- Barrick's financial strength is a key competitive advantage, enabling the company to execute its strategy and act quickly on opportunities to enhance shareholder value. We have the gold industry's only 'A' rated balance sheet.
- The company ended the year in excellent financial shape, with a record \$2.2 billion in operating cash flow, \$1.4 billion in cash and a \$1.5 billion undrawn line of credit.

\$2.2

billion in operating cash flow

The financial crisis of 2008 was a watershed event that created economic dislocation on a scale not seen since the Great Depression. As the credit crisis unfolded, major bank failures brought the scope of the damage to the financial system into sharp focus and set off an unprecedented wave of global deleveraging. Interbank lending dried up as banks shut off credit to preserve their balance sheets, creating increasing levels of stress in the market and ultimately pushing the global economy into a deep and possibly protracted recession. The world is now facing a new economic reality in which risk has been re-priced and credit remains tight.

In this uncertain climate, financial strength is paramount, and Barrick is in an enviable position. Along with our gold focus, our strong cash position, 'A' rated balance sheet and access to capital stand out as competitive advantages, enabling us to drive our vision and strategy forward.

As commodity prices fell in 2008, some companies were unable to refinance bridge loans or source funding and were penalized by the market when they were forced to defer new projects and drastically alter their corporate strategies. Now more than ever, investors are focused on financial flexibility as the vital ingredient to success; it is the key difference between a company that is equipped to deliver on its plans and build for the future, and those that cannot.

Barrick ended the year in excellent financial shape. Our portfolio of operations generated record cash flow of \$2.2 billion during 2008, more than any other gold producer, and adjusted net income of \$1.7 billion, leaving the company with a cash balance of \$1.4 billion and net debt of \$2.9 billion, about 16% of our total book capitalization.

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Over a million determinations a year are performed in the Goldstrike lab to ensure optimal gold recoveries in the roaster and autoclave.

In conjunction with our \$1.5 billion undrawn credit facility and top-rated balance sheet, this low gearing level allows us to fund the construction of three advanced projects which collectively represent nearly two million ounces of lower cost production. It also enables us to act on what we see as strategic opportunities to enhance shareholder value.

In September 2008, we took advantage of a short window of opportunity in the credit markets to successfully complete a \$1.25 billion long-term debt financing at attractive coupon rates. This transaction allowed us to fully repay our line of credit and has resulted in modest amounts of debt maturing prior to the first tranche of \$500 million in 2013, reducing our

refinancing risk significantly. Going forward, we expect to fund a portion of our Pueblo Viejo pre-production capital requirements through non-recourse project financing, and may consider project financing for other projects in the future.

Although our financial health is robust, we will be responsive to current market conditions. We will prudently manage our balance sheet, apply a disciplined approach to capital allocation decisions and be vigilant in looking for additional measures to increase efficiency and cut costs. We will continue to monitor and optimize our capital structure to ensure we are able to deploy funds and make investment decisions that have high returns for our shareholders.