Message from the President and CEO

2009 was a year of significant change for both the gold industry and for Barrick. After decades of selling gold, central banks became net purchasers, which has helped to reinforce gold's role as a diversifying asset within investment portfolios. This was further supported by increased investment demand and the accumulation of gold in global exchange traded funds. These factors drove gold prices through the $1,000 per ounce level, setting a new record just above $1,225 per ounce. Many of the conditions that have supported rising gold prices remain. Continued concern about the status of the world's economies, global currency imbalances and the growth of US dollar reserves, as well as government monetary and fiscal policies, have increased gold's attractiveness as an investment. In addition, the gold mining industry has struggled to replace and grow production levels. The trend of falling mine supply over the last decade is likely to continue into the foreseeable future. Combined, all of these factors should help ensure a firmly supportive environment for gold prices.

It was against this backdrop that Barrick took the dramatic step of eliminating its legacy Gold Hedges to gain full exposure to rising gold prices and minimize any further cost to the Company. At the time this decision was made, a $100 per ounce increase in the gold price would have increased the associated mark-to-market liability of the Gold Hedges by about $300 million. To eliminate the Gold Hedges, we made the difficult decision to issue $4 billion in new equity. This was done with great hesitation. We considered many different options but determined that it was important to eliminate the Gold Hedges in a definitive way, while protecting the balance sheet to preserve the Company's ability to fund our large, low cost projects currently under construction. As a result of this step and previous initiatives over the last two years, Barrick has eliminated its legacy Gold Hedge position of 9.5 million ounces at a weighted average gold price of approximately $930 per ounce, which is meaningfully below today's market prices of about $1,100 per ounce (as of March 9, 2010).

In addition to eliminating the Gold Hedges, we also made progress on a number of other fronts. Operating results were in line with forecasts. Gold production was 7.4 million ounces at total cash costs of $466 per ounce, or $363 per ounce on a net cash cost basis. We also produced 393 million pounds of copper at total cash costs of $1.17 per pound. This reflects the strength of our diversified portfolio of 26 operating mines around the world.

These production results were achieved while maintaining an unwavering commitment to responsible mining practices, which was once again recognized by our inclusion on the Dow Jones Sustainability Indexes. Also, Barrick's safety performance significantly improved in 2009, with a 25% reduction in our lost-time injury frequency rate.

Underpinning our production is the gold industry's largest reserve base. Through a combination of acquisitions and exploration success, Barrick has consistently grown its reserves in each of the last four years and we achieved this once again in 2009. Today we have gold reserves of about 140 million ounces and just over 93 million ounces of resources.

Our track record of converting reserves into producing assets continued in 2009, as we advanced our portfolio of new projects. The Buzwagi mine in Tanzania was completed on time and on budget.

Construction of the Cortez Hills project is complete and the site is transitioning into the operating phase. The Cortez property is expected to contribute over one million ounces of gold at attractive total cash costs of between $295 – $315 per ounce in 2010. However, Cortez Hills is currently the subject of a legal action in the US courts which could impact 2010 operating targets. Opponents of the project have sought an injunction to stop operations. The Ninth Circuit Court of Appeals has denied the opponents' claims in part, but ordered additional environmental analysis on two specific matters and mandated that the District Court decide the extent of appropriate injunctive relief in the interim. We have submitted a motion to the District Court for a limited injunction whereby Barrick would operate under a modified mine plan that would not impact on the matters raised by the Court of Appeals, while at the same time preventing significant economic hardship to the region. A hearing and a decision from the District Court on an injunction is expected in the second quarter of 2010. In addition, a supplemental Environmental Impact Statement (EIS) that addresses the two issues raised by the Court of Appeals is expected to be completed in the fourth quarter of 2010.

Barrick's 60%-owned Pueblo Viejo project, located in the Dominican Republic, is advancing according to schedule. On a 100% basis, Pueblo Viejo has gold reserves of over 23 million ounces, and in its first full five years of operation, Barrick's share of annual gold production is expected to be 625,000 – 675,000 ounces at total cash costs of between $250 – $275 per ounce.

Construction on the Pascua-Lama project also began in 2009. Pascua-Lama is a large, world-class project with gold reserves of about 18 million ounces and 671 million ounces of silver contained within gold reserves. Once operating, it is expected to produce between 750,000 – 800,000 ounces of gold annually at total cash costs of $20 – $50 per ounce, assuming a $12 per ounce silver price. This makes Pascua-Lama one of the lowest cost gold mines in the world.

Altogether, these new mines will add over 2.4 million ounces of production at lower cash costs than our current profile.

In addition to these advanced projects, we have a pipeline of next-generation projects which continue to progress well: Cerro Casale, Donlin Creek, Reko Diq and Kabanga. Collectively, our share of reserves and resources at these projects is over 52 million ounces of gold, 20 billion pounds of copper, and almost 1.6 billion pounds of nickel. They provide us with additional leverage to metal prices, the opportunity to deploy capital at attractive rates of return and the potential to further grow our production base.

Our financial position at year-end was sound, with about $2.6 billion in cash on hand and a further $1.5 billion undrawn line of credit. Combined with strong operating cash flows, we are well positioned to support our operations, fund our projects and pursue disciplined acquisitions as well.

The net results of our efforts were reflected in our 2009 financial results where underlying earnings and cash flows both increased. Adjusted net income was $1.8 billion, an increase of 9% from 2008. This resulted in an adjusted return on equity of 12%. Adjusted cash flow from operations was $2.9 billion, up 29% from 2008. Rising gold prices led to a significant increase in our cash cost margins, which rose to $519 per ounce, or $622 per ounce on a net cash cost basis after deducting copper credits.

What We Did in 2009

- Met production and cash cost targets
- Advanced low cost projects on schedule and within budget
- Grew reserves through disciplined acquisitions and exploration success
- Retained listings on the Dow Jones Sustainability Indexes
- Achieved 25% improvement in lost-time injury rate to 0.15
- Completed organization review with expected annual savings of about $50 million
- Eliminated all Gold Hedges
- Maintained financial strength and the gold industry's only 'A' credit rating
- Generated record adjusted net income and cash flow

What We Plan To Do in 2010

- Deliver higher production at lower cash costs
- Progress Pueblo Viejo, Pascua-Lama and complete Cortez Hills on schedule and on budget
- Grow the net asset value of the Company and increase metal exposure per share by:
  - maximizing free cash flow from existing operations
  - growing reserves and resources
  - advancing our pipeline of low cost, high-quality projects and
  - pursuing acquisitions which are accretive to shareholder value
- Maintain license to operate
- Preserve financial strength and the industry's highest-rated balance sheet
- Continue trend of strong earnings and cash flow generation

The progress we made in 2009 has established a solid foundation from which to move the Company forward. With the completion of the Cortez Hills project, our production is anticipated to increase in 2010 at lower cash costs. Barrick's production base and cash cost profile will be further improved with Pueblo Viejo, expected to begin production late in 2011, and Pascua-Lama, expected in early 2013.

Many of our investors have told me they are disappointed with the performance of gold equities relative to the gold price and we share their frustration. Over the last two years, the gold price has risen by roughly 30%, while the benchmark Philadelphia Gold and Silver Index has remained flat. The challenge for Barrick and for our industry is to offer an investment case which is better than owning gold directly. In the case of Barrick I believe we can.

We are focused, on a per share basis, on growing the net asset value of Barrick and increasing our leverage to the gold price. This means that even if the gold price doesn't change, the value of the Company, and our share price, should increase as we continue to create new value. And by increasing our leverage, our shareholders will realize higher returns in a rising gold price environment than those who hold physical gold. While it is imperative that we pursue value creation initiatives, it is also essential that we do so while minimizing the risks inherent in our business to ensure that we are able to operate and build our projects without interruption.

To achieve this, we are refining our life-of-mine plans and capital management processes to maximize the free cash flow that we are able to generate, but also to ensure that we are extracting the full economic potential of our mines and operating platforms. One such initiative is the creation of African Barrick Gold (ABG), a new public company that will be listed on the London Stock Exchange. ABG plans to offer around 25% of its equity for purchase by investors, while Barrick retains an ownership position of roughly 75%. ABG will hold Barrick's four gold mines in Tanzania, as well as our exploration portfolio in that country. ABG will be better positioned to invest in and acquire smaller assets typical of Africa, which would have a negligible impact on Barrick, but could be quite meaningful to the growth profile of this smaller entity. The new company will be better positioned to pursue these opportunities, overseen by a strong Board of Directors with both mining and African experience, and where the value created can be better reflected as a separate public entity.

At Barrick, we continue to grow our reserves and resources through a combination of acquisitions and exploration programs. Early in 2010, we agreed to acquire a further 25% interest in the Cerro Casale project. Cerro Casale is one of the world's largest undeveloped gold and copper deposits, with over 23 million ounces of gold and about six billion pounds of copper. It is also located in Chile, a country with a very attractive mining environment and one familiar to Barrick. Following this acquisition, Barrick holds 75% of the project, and with this increased position, now has control over project parameters and timing.

By maximizing the free cash flow and the economic potential of our existing mines, deploying capital at returns greater than our cost of capital, and given our track record of growing reserves and resources and turning those resources into producing mines, Barrick is well positioned to increase its net asset value and its leverage to the gold price for the benefit of our shareholders.

In conclusion, I would like to thank all of the people at Barrick who are focused on delivering results in a safe and responsible manner every day. I would also like to thank our shareholders who supported us, particularly as we unwound our legacy Gold Hedges. Finally, I would like to thank the Board of Directors, led by our Founder and Chairman, Peter Munk, for the inspiration, guidance and support they have provided to me and the entire management team.

Aaron Regent
President and Chief Executive Officer