

# Projects in Construction



Cortez Hills is expected to materially benefit Barrick’s overall production and cost profile. The existing process infrastructure blends ore from the Pipeline deposit with ore from Cortez Hills.

Barrick has a history of project development excellence. We have built seven new mines in the last five years on time. The Cortez Hills project is just the



A new fleet of heavy equipment has been commissioned for Cortez Hills.

latest example of a mine developed on schedule and on budget. Experience is vital to this success. We have acquired a deep understanding of how to handle challenges related to designing, permitting, financing and building major projects. We also have a strong balance sheet with the industry’s only ‘A’ credit rating and are positioned to generate robust cash flow to support our project development activities.

Cortez Hills in Nevada is a key project for us, and is expected to materially benefit our production and cash cost profile. With proven and probable reserves of over 14 million ounces at the end of

2009, the entire Cortez property is anticipated to contribute substantial production to the Barrick portfolio for many years to come. We will continue to focus exploration efforts here in 2010 where we see further upside potential at this underexplored property on the highly prospective Cortez Trend.

In addition to Cortez Hills, Barrick has two other advanced projects, Pueblo Viejo in the Dominican Republic and Pascua-Lama straddling the border of Chile and Argentina. These world-class projects are also expected to deliver significant production and have a meaningful positive impact on our overall cash cost profile.

## Projects in Construction

---

Consistent with Barrick's history of successful development, they remain on schedule and in line with their pre-production capital budgets.

Our 60%-owned Pueblo Viejo project remains on track to deliver first production in the fourth quarter of 2011. As a result of a plan to accelerate the previously phased expansion of the processing plant from 18,000 to 24,000 tonnes per day, and other changes to the mine plan, Barrick's share of gold production is now expected to be higher at 625,000–675,000 ounces, up from 600,000–650,000 ounces, at a lower cash cost of \$250–\$275 per ounce<sup>1</sup>, compared to total cash costs of \$275–\$300 per ounce. Since Barrick acquired the project with the Placer Dome acquisition, reserves have increased by approximately 77% or 10.3 million ounces to 23.7 million ounces (100% basis), resulting in a mine life of over 25 years.



Large scale autoclaving of gold, pioneered by Barrick at Goldstrike, is being constructed at the Pueblo Viejo project in the Dominican Republic.

Significant progress has been made at Pueblo Viejo. As of February 2010, the majority of site preparation earthworks has been completed, with about 44,000 cubic meters of concrete poured and 1,500 tons of steel

erected. Pre-production capital is expected to be \$3.0 billion (100% basis) including the expansion capital of \$0.3 billion for the increased processing capacity.



**George Potter**, Senior Vice President, Capital Projects

“This is an exciting time for Barrick shareholders as we bring on substantial new low cost production. Buzwagi was completed on time and on budget in 2009 as was Cortez Hills in 2010. We look forward to continuing our trend of successful development with the delivery of Pueblo Viejo in Q4 2011 and Pascua-Lama in Q1 2013.”

1. Based on gold and oil price assumptions of \$950 per ounce and \$75 per barrel, respectively.

In May 2009, we announced a construction decision on the Pascua-Lama project following the resolution of the cross-border tax agreement with Chile and Argentina and the receipt of remaining sectoral permits. This was a significant milestone for Barrick. Pascua-Lama is one of the largest undeveloped gold-silver deposits in the world with almost 18 million ounces in gold reserves and about 671 million ounces of silver contained within the gold reserves, for a mine life of over 25 years.

Within 10 kilometers of our Veladero mine, the deposit sits in the Frontera district. Project development and subsequent mine operations are expected to benefit from our experience at Veladero and from the significant infrastructure in the area. The development of Pascua-Lama opens up the Frontera gold district where we see significant potential to surface further value through exploration on our extensive land position.

In its first full five years of operation, average annual gold production at Pascua-Lama is expected to be 750,000–800,000 ounces at total cash costs of \$20–\$50 per ounce<sup>2</sup> assuming a silver price of \$12 per ounce. For every one dollar per ounce increase in the price of silver, total cash costs are expected to decrease by about \$35 per ounce. Pascua-Lama remains on schedule



A platform is already in place and the portal for the ore conveyor tunnel, shown in the foreground of this photo, has been completed. The tunnel will be used to transport the ore from Chile into Argentina where the process facilities will rest in the valley beyond. Close proximity to Veladero is shown with the Filo Federico pit in the upper right.

to deliver first gold in the first quarter of 2013 and in line with its \$2.8–\$3.0 billion pre-production capital budget.



Jobs and skills training for Dominicans at the Pueblo Viejo site.

In 2009, Barrick entered into a transaction with Silver Wheaton Corp. to sell 25% of the life-of-mine silver production from the Pascua-Lama project and 100% of silver production from the Lagunas Norte, Pierina and Veladero mines until project completion at Pascua-Lama. Barrick receives a cash deposit of \$625 million payable over three years as well as ongoing payments for each ounce of silver delivered under the agreement. This transaction is expected to enhance Pascua-Lama's economics and introduces a partner to share the risks inherent in a project of this size. Further, the upfront cash consideration increases returns and

2. Total cash costs are calculated net of silver credits assuming silver, gold, and oil prices of \$12 per ounce, \$950 per ounce, \$75 per barrel, respectively.

## Projects in Construction

represents an attractive source of financing for the project while maintaining Barrick's upside on 100% of the gold and 75% of silver production at Pascua-Lama.

By February 2010, detailed engineering at the project was about 90% complete. Major earthworks on the Chilean side are advancing, the portal for the ore conveyor tunnel between Chile and Argentina has been established, and the Barrealis camp has been progressing well with about 540 people currently on site. In Argentina, contractors for early earthworks preparation have mobilized to site. About 25% of the capital has been committed securing the mining fleet, processing mills, camp accommodation and earthworks contractors.

### Next Generation of Projects

Beyond these advanced projects, we have four other late-stage projects, including Cerro Casale in Chile, Donlin Creek in Alaska, Reko Diq in Pakistan and Kabanga in Tanzania. This next generation of projects provides us with considerable development options for the future, representing significant latent value within our portfolio.

The feasibility study optimization work at the Cerro Casale joint venture project in Chile has been completed. Cerro Casale is one of the world's largest undeveloped gold-copper deposits, with gold reserves of about 23 million ounces



The primary substation at Punta Colorada, Chile connecting to the main power grid from which Pascua-Lama will obtain its electrical energy.

and just under 6 billion pounds of copper within gold reserves (100% basis) and an expected mine life of about 20 years. The project is located in the Maricunga district of Region III in Chile, 130 kilometers north of the Pascua-Lama project. Its proximity to Pascua-Lama is expected to provide opportunities for construction and operating synergies. Pre-production capital is expected to be about \$4.2 billion (100% basis) with a construction period of about three years following the receipt of key permits.

In February 2010, Barrick agreed to acquire an additional 25% interest in the Cerro Casale project from Kinross Gold Corporation for total consideration of \$475 million,

thereby increasing the Company's interest in the project to 75%. Upon completion of the transaction with Kinross Gold, Barrick's 75% share of average annual production is anticipated to be about 750,000–825,000 ounces of gold and 170–190 million pounds of copper in its first full five years of operation at total cash costs of about \$240–\$260 per ounce<sup>1</sup> assuming a copper price of \$2.50 per pound. A \$0.25 per pound change in the copper price would result in an approximate \$50 per ounce impact on the expected total cash cost per ounce over this period. On a life-of-mine basis, the Company's share of average annual production is anticipated to be about

600,000–650,000 ounces of gold and about 170–190 million pounds of copper at total cash costs of about \$140–\$160 per ounce.

Further optimization work on the Donlin Creek project in Alaska, with almost 37 million ounces in measured and indicated gold resources (100% basis) is underway, primarily focused on the potential to utilize natural gas to reduce operating costs. These studies are expected to be completed by mid-2010.

Reko Diq is an immense copper-gold porphyry deposit on the Tethyan belt in the Balochistan

province in southwest Pakistan with a total of about 25 million ounces of measured and indicated gold resources, 17 million ounces of inferred gold resources as well as 31 billion pounds of measured and indicated copper resources and 22 billion pounds of inferred copper resources, of which our share is 37.5%. Antofagasta plc and the Balochistan government hold interests in the project of 37.5% and 25%, respectively. The feasibility study is being finalized and is now under review, while progress continues with the expansion studies and the baseline environmental and social

impact assessment, which is expected to be completed in the first half of 2010.

Our Kabanga project in Tanzania, a 50-50 joint venture with Xstrata Plc, is a world-class-sized nickel sulfide deposit acquired as part of the portfolio of a gold company in the late 1990s. Kabanga has a compelling combination of high tonnage and high grade. The feasibility study is expected to be finalized early in the third quarter of 2010 at which point we will evaluate how best to maximize the value of this asset for the benefit of Barrick's shareholders.



Early in 2010, Barrick agreed to increase its ownership interest in Cerro Casale from 50% to 75%. Barrick's 75% share of average annual production is expected to be about 750,000–825,000 ounces of gold and about 170–190 million pounds of copper at total cash costs of about \$240–\$260 per ounce in its first full five years of operation.

1. Based on gold price, copper price, and oil price assumptions of \$950 per ounce, \$2.50 per pound and \$75 per barrel, respectively, and assuming a Chilean peso foreign exchange rate of 525:1.