



BARRICK GOLD CORPORATION

Consolidated Financial Statements and  
Management's Discussion and Analysis of Financial and Operating Results

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002

In accordance with Canadian Generally Accepted Accounting Principles

# Management's Discussion and Analysis of Financial and Operating Results

What follows is a discussion and analysis of the factors contributing to the results of operations in third quarter 2002. The accompanying unaudited interim consolidated financial statements and related notes, which are presented in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), together with the following information, are intended to provide investors with a reasonable basis for assessing our operations, but should not serve as the only basis for predicting our future performance.

The following 2002 figures incorporate Homestake's operations compared to the 2001 figures that reflect Barrick's results on a stand-alone basis.

## OVERVIEW

For third quarter 2002, we produced 1.4 million ounces of gold at total cash costs of \$182 per ounce, compared to 0.9 million ounces of gold at \$163 per ounce in third quarter 2001. Net income was \$38 million (\$0.07 per share), compared to \$63 million (\$0.16 per share) for third quarter 2001. Before non-hedge derivative gains/(losses), net income was \$40 million<sup>1</sup> (\$0.07 per share), compared to \$63 million (\$0.16 per share) for the year-earlier period. In third quarter 2002, operating cash flows totaled \$167 million (\$0.31 per share), compared to \$158 million (\$0.40 per share) for third quarter 2001.

## GOLD SALES

Revenue for third quarter 2002 reached \$468 million on gold sales of 1.4 million ounces, up from \$306 million in revenue on 0.9 million ounces for third quarter 2001. As disclosed in note 2A to our interim unaudited consolidated financial statements, we have changed our accounting policy for revenue recognition. This change was made retroactively with restatement of comparative

figures, and accordingly the analysis of our results is after reflecting this change. The higher revenue for third quarter 2002 resulted from the inclusion of the revenues generated by Homestake mines in 2002.

Combining deliveries from our Premium Gold Sales Program and spot gold sales, we realized an average price of \$338 per ounce, \$24 higher than the average spot price for the period, generating an additional \$33 million in revenue.

Future gold production committed under spot deferred contracts in our Premium Gold Sales Program totaled 16.9 million ounces at quarter's end, down 1 million ounces from the second quarter, deliverable over the next 15 years at an average price of \$342 per ounce. As we announced on September 17, we are reducing and simplifying our program, given the low forward premiums resulting from the decline in U.S. interest rates, our overall financial strength and our positive view of the gold price. Our target is to reduce our forward sales position to 12 million ounces by the end of 2003 - representing approximately 15 percent of the Company's current gold reserves, compared to today's 21 percent. At the same time, we plan to reduce our call option and variable price sales contract positions. Over the last quarter, we reduced those positions from 3.1 to 2.2 million ounces, with a target of reaching 1.5 million ounces by the end of 2003.

## REVIEW OF OPERATIONS AND EXPLORATION AND DEVELOPMENT PROJECTS

Total operating costs for third quarter 2002 were \$254 million, compared to \$150 million for the year earlier period. On a per ounce basis, total cash costs for the quarter were \$182 compared to \$163 in thirdquarter 2001.

<sup>1</sup> For an explanation of non-GAAP performance measures refer to pages 4-5 of the management's discussion and analysis.

During the quarter, several operations experienced lower than anticipated grades and recovery rates, resulting in lower production and higher costs. We expect the actions we are taking to resolve these issues to continue during the fourth quarter, leading to the revised cash cost estimates for the year issued in the last week of September.

The quarter also saw the announcement of our \$2 billion four-mine/five-year growth plan, centered on development projects at Alto Chicama in north-central Peru, Cowal in Australia, and Veladero and Pascua-Lama on the border of Chile/Argentina: projects we expect to bring into production between 2005 and 2008, to add a total of approximately 2 million ounces of annual production at an estimated average cash cost for the first 10 years of \$125 per ounce, with higher production and lower cash costs in the early years.

For more detailed information on each operation please see accompanying US GAAP Management Discussion & Analysis of Financial and Operating Results (pages 7-12). Under US GAAP Operations Review, comparative 2001 figures are not applicable for Canadian GAAP purposes as such mines (Round Mountain, Eskay Creek, Hemlo, Yilgarn District, Kalgoorlie) were acquired through the Homestake merger in December 2001.

#### **AMORTIZATION**

Amortization totaled \$132 million, or \$91 per ounce in third quarter 2002, compared to \$81 million, or \$90 per ounce in the year-earlier quarter. The increase in amortization per ounce is primarily due to amortization of the fair value adjustments of the Homestake assets acquired and higher amortization at Goldstrike with the completion of construction at Rodeo in 2001 and the reduction of reserves at Meikle.

#### **ADMINISTRATION**

In third quarter 2002, administration costs were \$16 million, an increase of \$6 million, over the year-earlier period, reflecting the effect of the inclusion of costs incurred by Homestake after integrating Barrick

and Homestake, less the associated administrative synergies.

#### **INTEREST AND OTHER INCOME**

The principal component of interest and other income is interest received on cash and short-term investments.

#### **INTEREST ON LONG TERM OBLIGATIONS**

We incurred \$17 million in interest costs in third quarter 2002 and \$14 million in third quarter 2001, related primarily to our \$500 million of debentures, and the \$200 million Bulyanhulu project financing. In third quarter 2001, \$8 million of interest costs were capitalized at Rodeo, Bulyanhulu and Pascua; in 2002, none of these projects qualified for capitalization of interest, as a result of completion or deferral of construction.

#### **NON-HEDGE DERIVATIVE LOSSES**

The total mark-to-market loss on the non-hedge derivative positions that were included in third quarter 2002 earnings was \$2 million.

The principal components of the mark-to-market gains and losses are non-hedge commodity, and interest and lease rate contracts, and exclude our executory sales contracts.

#### **INCOME TAXES**

We recorded an income tax credit of \$12 million for the nine months ended September 30, 2002. This tax credit primarily arose due to a higher portion of earnings being realized in lower tax rate jurisdictions, and the benefit of tax synergies associated with the Homestake merger, primarily related to integrating our North American operations as well as tax benefits of \$16 million relating to losses on non-hedge derivatives and the drawdown of future tax liabilities on purchase accounting adjustments relating to the Homestake merger. If gold prices were to rise substantially, the amount of this credit could decrease for the full year 2002, with a higher portion of earnings in the United States, Canada, Australia, Peru and Tanzania where tax rates are higher. In future years,

whether we record an income tax credit or an expense will depend upon a variety of factors, including: the level spot gold prices; the timing and amount of further tax synergies arising from the Homestake merger; and the tax effects of purchase accounting adjustments.

#### **LIQUIDITY AND CAPITAL RESOURCES**

We believe our ability to generate cash flow from operations to reinvest in our business is one of our fundamental financial strengths. Combined with our large cash and short-term investment balance of \$988 million at September 30, 2002, and our \$1 billion undrawn bank facility, renewed on April 29, 2002 for another five-year term, we have sufficient access to capital resources if required. We anticipate that our operating activities in 2002 will continue to provide us with cash flows necessary for us to continue developing our internal projects and to utilize for potential acquisitions.

We generated operating cash flow of \$167 million in third quarter 2002, compared to \$158 million in the year-earlier period. The higher cash flow is mainly due to the inclusion of operating cash flow from the Homestake Mines. With a portion of our gold expected to be sold at spot market prices for the balance of 2002, the fluctuation in gold prices will affect the amount of our operating cash flow through the remainder of this year.

#### **INVESTING ACTIVITIES**

Our principal investing activities are for sustaining capital at our existing operating properties, new mine development and property and company acquisitions.

##### **Capital Expenditures**

Capital expenditures for the third quarter 2002 totaled \$99 million, compared to \$130 million in the same period in 2001. The decline is principally due to higher amounts spent in 2001 at Goldstrike, mainly relating to deferred stripping, as well as higher activity at Bulyanhulu and Pascua in third quarter 2001. Principal expenditures in third quarter 2002 included \$46 million in North America, comprised primarily of deferred stripping and

underground development at Goldstrike. In Tanzania, capital expenditures included \$12 million spent at the Bulyanhulu Mine on underground development. In Australia, capital expenditures were \$20 million to cover underground development and new mining equipment, while in South America capital expenditures totaled \$21 million, primarily for Pierina (\$7 million), Alto Chicama (\$7 million) and engineering and development work at Veladera and Pascua-Lama (\$7 million).

#### **FINANCING ACTIVITIES**

During third quarter 2002, our cash outflow from financing activities was nil, compared with an outflow of \$9 million in the year-earlier period. In third quarter 2001, the outflow principally related to repayment of long-term debt obligations.

#### **OUTLOOK**

We believe considerable growth opportunities exist within our existing asset base, not only from our new pipeline of projects but from our operating mines as well. Our assumption is that consolidation and rationalization of the gold industry will continue. Our strong balance sheet and substantial cash flows position us to participate in that consolidation should we choose, in ways that add value to our Company.

For the balance of the year, 50 percent of planned production is expected to be sold at an average price of \$365 per ounce. The balance of production is expected to be sold either at spot prices, or delivered into our forward contracts at prices similar to spot prices. Overall for 2002, we remain on track to produce 5.7 million ounces at an average cash cost of \$183 per ounce, due to lower than planned performance at several operations. Total production costs are expected to reach \$277 per ounce including purchase accounting adjustments. The company expects exploration and business development expenses to be approximately \$50 million. Capital spending is expected to total \$334 million (excluding deferred stripping costs of \$126 million) due to increased activity at Alto Chicama and costs incurred at Veladero.

Overall, we enter the last quarter of 2002 with the strongest balance sheet in the gold industry, a portfolio of high-quality, long-life properties, a promising growth pipeline with a growth strategy to bring it on stream - and a cash position of \$988 million, with no net debt.

#### NON-GAAP MEASURES

We have included measures of earnings before non-hedge derivative gains and losses and operating cash flow excluding payments of previously accrued merger related costs, because we believe that this information will assist investors' understanding of the level of our core earnings and to assess our performance in 2002 compared to the prior year. We believe that conventional

measures of performance prepared in accordance with Canadian generally accepted accounting principles ("GAAP") do not fully illustrate our core earnings. These non-GAAP performance measures do not have any standardized meaning prescribed by GAAP and therefore are unlikely to be comparable to similar measures presented by other companies. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. Below is a reconciliation of these non-GAAP performance measures.

#### Reconciliation of Net Income Before Derivative Transactions to GAAP Net Income

(in millions of United States dollars)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2002	2001	2002	2001
Net income before non-hedge derivative gains and losses	\$ 40	\$ 63	\$ 134	\$ 206
Non-hedge derivative losses (net of tax effects)	(2)	-	(16)	-
Net income for the period	\$ 38	\$ 63	\$ 118	\$206

#### Reconciliation of Free Cash Flow to Operating Cash Flow

(in millions of United States dollars)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2002	2001	2002	2001
Free Cash Flow	\$ 68	\$ 28	\$ 228	\$ 91
Capital Expenditures and Mine Development Costs	99	130	290	434
Operating cash flow	\$ 167	\$ 158	\$ 518	\$ 525

#### Reconciliation of Operating Cash Flow Excluding Payments of Previously Accrued Merger Related Costs to Operating Cash Flow

(in millions of United States dollars)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2002	2001	2002	2001
Operating cash flow excluding payments of previously accrued merger related costs	\$ 167	\$ 158	\$ 556	\$ 525
Payments of previously accrued merger related costs	-	-	(38)	-
Operating cash flow	\$ 167	\$ 158	\$518	\$ 525

We have included cash costs per ounce data because we understand that certain investors use this information to determine the Company's ability to generate cash flow

for use in investing and other activities. We also make reference to the term "free cash flow", which we define as cash flow from operations less cash used in the purchase

of property, plant and equipment. This cash is available to reinvest in our business or to return to shareholders, either through dividends or share repurchases.

We believe that conventional measures of performance prepared in accordance with GAAP do not fully illustrate the ability of the operating mines to

generate cash flow. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The measures are not necessarily indicative of operating profit or cash flow from operations as determined under GAAP.

#### Reconciliation of Total Cash Costs Per Ounce to Financial Statements

(in millions of United States dollars except per ounce amounts)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2002	2001	2002	2001
Operating costs per financial statements	\$ 254	\$ 150	\$ 793	\$ 470
Reclamation and closure costs	(2)	(4)	(13)	(12)
Operating costs for per ounce calculation	\$ 252	\$ 146	\$ 780	\$ 458
Ounces sold (thousands)	1,384	898	4,265	2,834
Total cash costs per ounce	\$ 182	\$ 163	\$ 183	\$ 162

Total cash costs per ounce data is calculated in accordance with The Gold Institute Production Cost Standard (the "Standard"). The Gold Institute is a worldwide association of suppliers of gold and gold products and includes leading North American gold producers. Adoption of the Standard is voluntary, and the data presented may not be comparable to data presented by other gold producers. Cash costs per ounce are derived from amounts included in the Statements of Income and include mine site operating costs such as mining, processing, administration, royalties and production taxes, but exclude amortization, reclamation costs, financing costs, and capital, development and exploration.

#### Continuity Schedule of the Change in the Mark-to-Market

##### Value of the Gold and Silver Hedge Position

The estimated fair value of the gold contracts at September 30, 2002 was approximately \$301 million negative, and the fair value of the silver contracts was \$19 million positive. These values are based on the net present value of cash flows under the contracts, based on a gold spot price of \$324 per ounce, silver spot price of \$4.51 per ounce, and market rates for Libor and gold and silver lease rates. The year-to-date change in the fair value of the Company's gold contracts is detailed as follows:

Fair value as at December 31, 2001	\$ 356
Impact of \$152 million realized gains in the period to date	(152)
Impact of change in spot price (from \$279 per ounce to \$324 per ounce)	(883)
Impact of contracts added	(21)
Implied contango period to date	109
Impact of change in valuation inputs other than spot metal prices (e.g. interest rates, lease rates, and volatility)	290
Fair value as at September 30, 2002	\$ (301)

The mark-to-market value of the gold contracts would approach zero (breakeven) at a spot gold price of approximately \$307 per ounce, assuming all other variables are constant.

# Consolidated Statements of Income

(in millions of United States dollars, except per share data, Cdn GAAP basis) (Unaudited)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2002	2001 <sup>(1)</sup>	2002	2001 <sup>(1)</sup>
<b>Gold sales</b>	<b>\$ 468</b>	<b>\$ 306</b>	<b>\$ 1,426</b>	<b>\$ 984</b>
<b>Costs and expenses</b>				
Operating	254	150	793	470
Amortization - property, plant and equipment	125	81	373	240
Amortization - intangible assets	7	-	13	-
Administration	16	10	49	30
Exploration and business development	19	10	43	30
	<b>421</b>	<b>251</b>	<b>1,271</b>	<b>770</b>
Interest and other income	12	15	28	27
Interest on long-term obligations	(17)	(5)	(51)	(9)
Non-hedge derivative losses	(2)	-	(26)	-
<b>Income before income taxes</b>	<b>40</b>	<b>65</b>	<b>106</b>	<b>232</b>
Income taxes	(2)	(2)	12	(26)
<b>Net income</b>	<b>\$ 38</b>	<b>\$ 63</b>	<b>\$ 118</b>	<b>\$ 206</b>
<b>Per share data (note 3A)</b>				
<b>Net income</b>				
Basic and diluted	<b>\$ 0.07</b>	<b>\$ 0.16</b>	<b>\$ 0.22</b>	<b>\$ 0.52</b>

See accompanying notes to interim unaudited consolidated financial statements.

<sup>(1)</sup> Restated (note 2A)

# Consolidated Statements of Cash Flow

(in millions of United States dollars, Cdn GAAP basis) (Unaudited)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2002	2001	2002	2001
<b>Cash provided by operating activities (note 9)</b>	<b>\$ 167</b>	<b>\$ 158</b>	<b>\$ 518</b>	<b>\$ 525</b>
<b>Cash provided by (used in) investing activities</b>				
Property, plant and equipment	(99)	(130)	(290)	(434)
Short-term investments	29	58	159	(265)
Other	4	4	7	(9)
<b>Cash used in investing activities</b>	<b>(66)</b>	<b>(68)</b>	<b>(124)</b>	<b>(708)</b>
<b>Cash provided by (used in) financing activities</b>				
Capital stock (note 3)	2	-	83	6
Long-term debt				
Proceeds	-	-	-	49
Repayments	(2)	(9)	(3)	(12)
Dividends (note 3C)	-	-	(60)	(44)
<b>Cash provided by (used in) financing activities</b>	<b>-</b>	<b>(9)</b>	<b>20</b>	<b>(1)</b>
Increase (decrease) in cash and equivalents	101	81	414	(184)
<b>Cash and equivalents at beginning of period</b>	<b>887</b>	<b>358</b>	<b>574</b>	<b>623</b>
<b>Cash and equivalents at end of period</b>	<b>\$ 988</b>	<b>\$ 439</b>	<b>\$ 988</b>	<b>\$ 439</b>

See accompanying notes to interim unaudited consolidated financial statements.

# Consolidated Balance Sheets

(in millions of United States dollars, Cdn GAAP basis) (Unaudited)	As at Sept. 30, 2002	As at Dec. 31, 2001 <sup>(1)</sup>
<b>Assets</b>		
<b>Current assets</b>		
Cash and equivalents	\$ 988	\$ 574
Short-term investments	-	159
Accounts receivable	64	54
Inventories and other current assets (note 4)	172	214
	1,224	1,001
Property, plant and equipment	4,317	5,103
Other assets	260	233
Intangible assets (note 8)	526	-
Goodwill	1,295	1,347
	\$ 7,622	\$ 7,684
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 411	\$ 497
Current portion of long-term debt	33	9
	444	506
Long-term debt	766	793
Other long-term obligations	410	379
Future income taxes	463	586
	2,083	2,264
<b>Shareholders' equity</b>		
Capital stock (note 3)	5,038	4,954
Retained earnings	524	466
Cumulative foreign currency translation adjustments	(23)	-
	5,539	5,420
	\$ 7,622	\$ 7,684

See accompanying notes to interim unaudited consolidated financial statements.

<sup>(1)</sup> Restated (note 2A)

# Consolidated Statements of Changes in Shareholders' Equity

(in millions of United States dollars, Cdn GAAP basis) (Unaudited)	Capital stock		Retained earnings <sup>(1)</sup>	Cumulative foreign currency translation adjustments	Total share- holders' equity
	Shares (millions)	Amount			
<b>Balance December 31, 2001 as previously stated</b>	536	\$ 4,954	\$ 479	-	\$ 5,433
Change in accounting policy for revenue recognition (note 2A)	-	-	(13)	-	(13)
<b>Balance December 31, 2001 as restated</b>	536	4,954	466	-	5,420
Capital stock (note 3)	6	84	-	-	84
Net income	-	-	118	-	118
Dividends Paid (note 3C)	-	-	(60)	-	(60)
Foreign currency translation adjustments	-	-	-	(23)	(23)
<b>Balance September 30, 2002</b>	<b>542</b>	<b>\$ 5,038</b>	<b>\$ 524</b>	<b>\$ (23)</b>	<b>\$ 5,539</b>

See accompanying notes to interim unaudited consolidated financial statements.

<sup>(1)</sup> Restated (note 2A)

# Notes to Unaudited Interim Consolidated Financial Statements (CDN GAAP)

Tabular dollar amounts in millions of United States dollars, unless otherwise indicated, Canadian GAAP basis. References to C\$ and A\$ are to Canadian and Australian dollars, respectively.

## 1 BASIS OF PREPARATION

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") with respect to the preparation of interim financial information. Accordingly, they do not include all of the information and disclosures required by Canadian GAAP in the preparation of our annual consolidated financial statements. Except as disclosed in note 2, the accounting policies used in the preparation of the accompanying unaudited interim consolidated financial statements are the same as those described in our annual consolidated financial statements and the notes thereto for the three years ended December 31, 2001.

In the opinion of management, all adjustments considered necessary for fair presentation of results for the periods presented have been reflected in these financial statements. Operating results for the period ended September 30, 2002 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2002. These unaudited interim financial statements should be read in conjunction with the annual consolidated financial statements and the notes thereto for the three years ended December 31, 2001.

The preparation of our consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 2 ACCOUNTING CHANGES

### A Revenue recognition

Effective January 1, 2002, we have changed our accounting policy for revenue recognition. Previously, revenue from the sale of gold and by-products was recognized when the product was in saleable form; a sales agreement had been entered into that established quantities and price; and collectibility was reasonably assured. Under our amended revenue recognition policy, which is consistent with our accounting policy under United States generally accepted accounting principles, revenue is recognized when the following conditions are met: persuasive evidence of an arrangement exists; delivery has occurred in accordance with the terms of the arrangement; the price is fixed or determinable and collectibility is reasonably assured. For gold bullion sold under spot deferred contracts or in the spot market, revenue is recognized on transfer of title to the gold to counterparties. For gold concentrate, revenue is recognized on transfer of legal title to the concentrate to third party smelters based on the estimated gold and silver content of the concentrate at market spot prices. Adjustments to accounts receivable between the date of recognition and the settlement date, caused by changes in the market prices for gold and silver, are reflected in the statement of income when they occur. This accounting change has been applied retroactively with restatement of all prior periods presented. The effect of the change on the nine months ended September 30, 2002 and September 30, 2001 was an increase in net income by \$12 million and \$2 million, respectively, net of income tax effects of \$5 million and \$4 million, respectively, as well as a cumulative reduction of retained earnings at December 31, 2001 of \$12 million, net of income tax effects of \$1 million.

## **B Goodwill and other intangible assets**

On January 1, 2002, we changed our accounting policy for goodwill and other intangible assets as required by CICA Handbook section 3062, Goodwill and Other Intangible Assets ("CICA 3062"). Under this new standard, goodwill and intangible assets with an indefinite life, are no longer amortized to income over time, but tested for impairment on adoption of the standard and at least annually thereafter to ensure that the fair value remains greater than, or equal to, book value. Any excess of book value over fair value would be charged to income in the period in which the impairment is determined. In accordance with the requirements of CICA 3062, we have adopted this new accounting standard prospectively, and amounts presented for prior periods have not been restated.

## **C Accounting for stock-based compensation and other stock-based payments**

Effective January 1, 2002, we adopted the new recommendations for accounting for stock-based compensation as required by CICA Handbook section 3870, *Stock-based Compensation and Other Stock-based Payments* ("CICA 3870"). CICA 3870 establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. It applies to transactions, including non-reciprocal transactions, in which an enterprise grants shares of common stock, stock options, or other equity instruments, or incurs liabilities based on the price of common stock or other equity instruments. The recommendations of CICA 3870 are generally applied prospectively to awards granted on or after the date of adoption, except that retroactive application, without restatement, is required for outstanding awards at January 1, 2002 where the awards call for settlement in cash or other assets, or for stock appreciation rights that call for settlement by the issuance of equity instruments.

As permitted by CICA 3870, we have elected not to apply fair value accounting and to measure compensation cost using the intrinsic value method for awards of stock options awarded to employees under our stock based compensation plan. Accordingly, no compensation cost will be recognized for our stock options whose exercise price was equal to the market price on the date of grant. Entities that do not apply the fair value based method of accounting are required to disclose for each period, for which an income statement is provided, the pro forma net income and net income per share, as if the fair value based accounting method had been used to account for stock-based compensation cost. Details of pro forma net income and net income per share are set out in note 3B.

Under CICA 3870, awards under our Restricted Stock Unit plan (the "RSU plan") are required to be accounted for based on their fair value, which is consistent with our existing accounting policy for these awards.

## **3 CAPITAL STOCK**

### **A Net income per share**

Net income per share was calculated on the basis of the weighted average number of common shares outstanding for the three month and nine month periods ended September 30, 2002 which amounted to 540 million shares (2001 - 396 million shares).

Diluted net income per share reflects the dilutive effect of the exercise of the common share purchase options outstanding as at the end of the period. The number of shares for the diluted net income per share calculation for the three month and nine month periods ended September 30, 2002 and 2001 was 541 million shares and 396 million shares, respectively.

## B Common share purchase options

	Common shares (millions)	Weighted average price (C\$)	Common shares (millions)	Weighted average price (US\$)
Outstanding as at December 31, 2001	19	\$ 28.29	6	\$ 16.67
2002 activity:				
Granted	1	29.81	-	-
Exercised	(4)	24.79	(2)	11.97
Cancelled or expired	(1)	34.15	(1)	15.25
Outstanding as at September 30, 2002	15	\$ 28.50	3	\$ 20.84

CICA 3870 encourages, but does not require, companies to include in compensation cost the fair value of stock options granted to employees. A company that does not adopt the fair-value method must disclose the cost of stock compensation awards, at their fair value on the date the award is granted. The fair value of common share purchase options granted in the nine month period ended September 30, 2002 was \$2 million, estimated using the Black-Scholes model with the following assumptions: a 6-year expected term, 30% volatility, interest rates of 6% and an expected dividend yield of 1.5%. Under CICA 3870, the cost of stock compensation, including amortization of options issued prior to the implementation of the standard, and the resulting pro forma net income and net income per share would be as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2002	2001	2002	2001
Stock compensation cost	\$ 5	\$ 6	\$ 10	\$ 20
Pro forma net income	\$ 33	\$ 57	\$ 108	\$ 186
Pro forma net income per share (dollars)	\$ 0.06	\$ 0.14	\$ 0.20	\$ 0.47

## C Dividends

In the nine months ended September 30, 2002, the Company declared and paid dividends in United States dollars totaling \$0.11 per share.

## 4 INVENTORIES AND OTHER CURRENT ASSETS

	Sept. 30, 2002	Dec. 31, 2001
Gold in process and ore in stockpiles	\$ 94	\$ 134
Mine operating supplies	76	72
Derivative instruments (note 5)	2	8
	\$ 172	\$ 214

Gold in process and ore in stockpiles excludes \$60 million (December 31, 2001 - \$46 million) of stockpiled ore which is not expected to be processed in the following 12 months. This amount is included in other assets.

## 5 DERIVATIVE INSTRUMENTS

### A Derivative instruments

We utilize over-the-counter ("OTC") contracts as the primary basis for entering into derivative transactions. These privately negotiated agreements, compared to exchange traded contracts, allow us to incorporate favourable credit, tenor and flexible terms into the contracts. The underlyings in the contracts include commodities, interest rates, foreign currency exchange rates and bond indices with diversified credit exposure. We do not enter into derivative instruments which we would consider to be leveraged. For a full description of our objectives and strategies for using derivative instruments; the nature and principal terms of the derivative instruments we use; the valuation techniques used to estimate the fair value of derivative instruments; and the nature of credit and market risks associated with the derivative instruments we use, refer to our audited consolidated financial statements for the three years ended December 31, 2001.

### B Gold and silver contracts outstanding at September 30, 2002

Maturity/Scheduled for delivery in	2002	2003	2004	2005	2006	2007+	Total
<b>Gold contracts</b>							
Spot deferred contracts <sup>(1)</sup>							
Ounces (thousands)	750	2,800	1,650	1,550	1,550	8,600	16,900
Average price per ounce	\$ 365	\$ 340	\$ 345	\$ 335	\$ 338	\$ 342	\$ 342
Variable price gold sales and option contracts							
With "caps" <sup>(2)</sup>							
Ounces (thousands)	-	475	300	300	-	900	1,975
Average price per ounce at cap expiry date	-	\$ 343	\$ 310	\$ 317	-	\$ 369	\$ 346
With "caps" and "floors"							
Ounces (thousands)	100	150	-	-	-	-	250
Cap price per ounce	\$ 297	\$ 310	-	-	-	-	\$ 305
Floor price per ounce	\$ 270	\$ 280	-	-	-	-	\$ 276
<b>Total gold ounces (thousands)</b>	<b>850</b>	<b>3,425</b>	<b>1,950</b>	<b>1,850</b>	<b>1,550</b>	<b>9,500</b>	<b>19,125</b>
<b>Average price per ounce</b>	<b>\$ 357</b>	<b>\$ 339</b>	<b>\$ 340</b>	<b>\$ 332</b>	<b>\$ 338</b>	<b>\$ 345</b>	<b>\$ 342</b>
<b>Silver contracts</b>							
Spot deferred contracts							
Ounces (thousands)	5,000	10,750	9,750	9,500	2,400	-	37,400
Average price per ounce	\$ 4.75	\$ 5.00	\$ 5.10	\$ 5.20	\$ 5.25	-	\$ 5.06
Written silver call options							
Ounces (thousands)	2,000	3,750	5,000	2,000	-	-	12,750
Average exercise price per ounce	\$ 5.25	\$ 5.27	\$ 5.28	\$ 5.00	-	-	\$ 5.23
<b>Total silver ounces (thousands)</b>	<b>7,000</b>	<b>14,500</b>	<b>14,750</b>	<b>11,500</b>	<b>2,400</b>	<b>-</b>	<b>50,150</b>
<b>Average price per ounce</b>	<b>\$ 4.89</b>	<b>\$ 5.07</b>	<b>\$ 5.16</b>	<b>\$ 5.17</b>	<b>\$ 5.25</b>	<b>-</b>	<b>\$ 5.10</b>

<sup>1</sup> Net of 300,000 ounces of gold contracts purchased

<sup>2</sup> Net of 150,000 ounces of gold calls purchased

In addition to the above, we have off-take contracts which allow (but do not commit) Barrick to sell 1.8 million ounces of gold spread over 10 years, at the then prevailing spot price.

The Company has previously announced that it anticipates a reduction in its forward gold sales position to approximately 12 million ounces by the end of 2003, based on current market conditions. This reduction is planned

primarily through scheduled deliveries from production, but also through opportunistic early delivery of production into certain contracts.

(i) **Derivative instruments accounted for as executory sales contracts**

**Spot deferred sales contracts**

We have entered into spot deferred sales contracts, with various counterparties, that establish selling prices for future gold production, and which therefore act as an economic hedge against possible price fluctuations in gold. The contracts have a final delivery date of up to 15 years from inception, but we have the right at our sole discretion to set a delivery date for any Spot Deferred Sales Contracts during this 15-year period from inception. At the time a delivery date is rescheduled, the contract price is adjusted based on the difference between the prevailing forward gold market price and the original contract price.

The average price of the spot deferred sales contracts reflects established and expected future price assumptions. Prices are fixed on 100% of the contracts through 2005. Beyond 2005, the expected prices incorporate an average lease rate assumption of 1.75%. Variations between the lease rate assumption and the actual lease rates will impact the final realized selling prices. Lease rate exposure is managed and accounted for separately from our executory sales contracts, and the economic impact flows through our earnings each quarter as part of "non-hedge derivative losses". The outstanding lease rate swaps at September 30, 2002, that we utilize to manage our lease rate exposure were as follows:

<b>Maturity</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007+</b>	<b>Total</b>
Gold lease rate swaps							
Receive fixed, pay floating							
Notional (thousands of ounces)	-	150	400	595	1,016	3,155	<b>5,316</b>
Fixed rate (%)	-	2.5%	2.5%	2.5%	2.6%	4.1%	<b>3.5%</b>

**Variable Price Sales Contracts**

Variable Price Sales Contracts are contracts whereby we will deliver a specified quantity of gold on a future date that is determined by us. The contracts have a final delivery date of up to 15 years from inception, but we have the right at our sole discretion to set a delivery date for any Variable Price Sales Contract during this 15-year period from inception. All of the Variable Price Sales Contracts have expected delivery dates in 2005 and beyond. The contract price equals the gold spot price subject to a specified maximum ("cap") based on market conditions in the years indicated in the table above, plus a fixed premium payable to Barrick. The contract price will be adjusted in the same manner as price adjustments to spot deferred contracts for the period from these dates to the expected delivery date in 2005 and beyond. Certain of these contracts also have a specified minimum ("floor") price.

### C Other derivative instruments outstanding as at September 30, 2002

Maturity	2002	2003	2004	2005	2006	2007+	Total
<b>Interest rate contracts</b>							
Receive fixed - swaps and swaptions							
Notional amount (millions)	-	\$ 375	\$ 250	\$ 150	\$ 172	\$ 225	\$ 1,172
Fixed rate (%)	-	4.5%	3.5%	5.2%	5.4%	5.1%	4.6%
Pay fixed - swaps and swaptions							
Notional amount (millions)	\$ 25	\$ 100	-	\$ 50	-	\$ 600	\$ 775
Fixed rate (%)	5.2%	3.4%	-	7.4%	-	5.6%	5.4%
<b>Net notional position</b>	<b>\$ (25)</b>	<b>\$ 275</b>	<b>\$ 250</b>	<b>\$ 100</b>	<b>\$ 172</b>	<b>\$ (375)</b>	<b>\$ 397</b>
Total return swaps							
Notional amount (millions)	\$ 27	-	-	-	-	-	\$ 27
<b>Currency contracts</b>							
Canadian Dollar Forwards							
C\$ (millions)	\$ 31	\$ 132	\$ 102	\$ 91	-	-	\$ 356
Average Price (US¢)	0.64	0.63	0.64	0.63	-	-	0.63
Canadian Dollar Min-Max Contracts							
C\$ (millions)	\$ 57	\$ 118	\$ 77	-	-	-	\$ 252
Average Cap Price (US¢)	0.65	0.65	0.65	-	-	-	0.65
Average Floor Price (US¢)	0.62	0.63	0.63	-	-	-	0.63
Australian Dollar Forwards							
A\$ (millions)	\$ 20	\$ 190	\$ 311	\$ 283	\$ 10	-	\$ 814
Average Price (US¢)	0.55	0.52	0.51	0.51	0.52	-	0.52
Australian Dollar Min-Max Contracts							
A\$ (millions)	\$ 97	\$ 224	\$ 10	\$ 10	\$ 10	-	\$ 351
Average Cap Price (US¢)	0.54	0.55	0.52	0.52	0.52	-	0.54
Average Floor Price (US¢)	0.53	0.52	0.51	0.51	0.51	-	0.52

#### (i) Cash flow hedges

We use forward and zero cost min-max currency contracts to economically hedge exposures arising from operating expenses and capital expenditures denominated in currencies other than the United States dollar. The specific terms and notional amounts of the contracts are determined based on management's assessment of forecasted future cash flows relating to these expenditures. At September 30, 2002, we had elected hedge accounting treatment for Canadian dollar contracts with a total notional amount of C \$608 million, and Australian dollar contracts with a total notional amount of A \$1,165 million.

In addition, we have elected for certain of our receive fixed interest rate swaps, with a total notional amount of \$525 million, to be accounted for as cash flow hedges of expected future interest receipts arising on our cash and short-term investments.

## **6 CONTINGENCIES**

### **A Environmental**

Our mining and exploration activities are subject to various federal, provincial and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. We conduct our operations so as to protect public health and the environment and we believe that our operations are materially in compliance with all applicable laws and regulations. We have made, and expect to make in the future, expenditures to comply with such laws and regulations.

### **B Litigation and claims**

In October 1997, Homestake Canada Inc. ("HCI"), a wholly-owned subsidiary of Barrick, entered into an agreement with Inmet Mining Corporation ("Inmet") to purchase the Troilus mine in Quebec for \$110 million plus working capital. In December 1997, HCI terminated the agreement after determining that, on the basis of due diligence studies, conditions to closing the arrangement would not be satisfied. On February 23, 1998, Inmet filed suit against HCI in the British Columbia Supreme Court, disputing the termination of the agreement and alleging that HCI had breached the agreement. On January 15, 2002, the Supreme Court of British Columbia released its decision in the matter and found in favour of Inmet and against HCI. Specifically, the Court held that Inmet should be awarded equitable damages in the amount of C\$88.2 million, which amount was accrued at December 31, 2001. The Court did not award Inmet pre-judgment interest. Inmet requested the Court to re-open the trial to permit Inmet to make submissions on its claim for pre-judgment interest from the date of the breach by HCI. The request to re-open was denied by the court on May 17, 2002. On February 7, 2002, HCI filed a Notice of Appeal of the decision with the British Columbia Court of Appeal. Inmet filed a notice of Appeal of the decision denying Inmet the pre-judgment interest. A letter of credit in the approximate amount of C\$95 million was posted on August 20, 2002 by HCI with the British Columbia Court of Appeal, pending a decision on the appeal.

On April 30, 1998, we were added as a defendant in a class action lawsuit initiated against Bre-X Minerals Ltd., certain of its directors and officers or former directors and officers and others in the United States District Court for the Eastern District of Texas, Texarkana Division. The class action alleges, among other things, that statements made by us in connection with our efforts to secure the right to develop and operate the Busang gold deposit in East Kalimantan, Indonesia were materially false and misleading and omitted to state material facts relating to the preliminary due diligence investigation undertaken by us in late 1996. On July 13, 1999, the Court dismissed the claims against us and several other defendants on the grounds that the plaintiffs had failed to state a claim under United States securities laws. On August 19, 1999, the plaintiffs filed an amended complaint restating their claims against us and certain other defendants and on June 14, 2000 filed a further amended complaint, the Fourth Amended Complaint. On March 31, 2001, the Court granted in part and denied in part our Motion to Dismiss the Fourth Amended Complaint. As a result, we remain a defendant in the case. We believe that the remaining claims against us are without merit. We filed our formal answer to the Fourth Amended Complaint on April 27, 2001 denying all relevant allegations of the plaintiffs against us. Discovery in the case has been stayed by the Court pending the Court's decision on whether or not to certify the case as a class action. The amount of potential loss, if any, which we may incur arising out of the plaintiffs claims is not currently determinable.

From time to time, we are involved in various claims, legal proceedings and complaints arising in the ordinary course of business. We are also subject to reassessment for income and mining taxes for certain years. We do not believe that adverse decisions in any pending or threatened proceedings related to any potential tax assessments or other matters, or any amount which we may be required to pay by reason thereof, will have a material adverse effect on our financial condition or future results of operations.

## 7 SEGMENT INFORMATION

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2002	2001	2002	2001
<b>Gold sales</b>				
Goldstrike	\$ 160	\$ 183	\$ 490	\$ 623
Pierina	73	90	205	230
Eskay Creek	30	-	89	-
Bulyanhulu	28	30	91	52
Kalgoorlie	32	-	90	-
Hemlo	21	-	66	-
Plutonic	29	-	76	-
Round Mountain	36	-	102	-
Other	59	3	217	79
	<b>468</b>	<b>306</b>	<b>1,426</b>	<b>984</b>
<b>Operating costs</b>				
Goldstrike	112	119	331	355
Pierina	19	13	52	33
Eskay Creek	4	-	15	-
Bulyanhulu	19	17	58	30
Kalgoorlie	21	-	62	-
Hemlo	13	-	47	-
Plutonic	17	-	43	-
Round Mountain	23	-	64	-
Other	26	1	121	52
	<b>254</b>	<b>150</b>	<b>793</b>	<b>470</b>
<b>Amortization</b>				
Goldstrike	38	21	112	82
Pierina	39	47	110	125
Eskay Creek	11	-	32	-
Bulyanhulu	9	8	27	14
Kalgoorlie	4	-	14	-
Hemlo	3	-	9	-
Plutonic	8	-	15	-
Round Mountain	7	-	18	-
Other	13	5	49	19
	<b>132</b>	<b>81</b>	<b>386</b>	<b>240</b>

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2002	2001	2002	2001
<b>Income (loss) before income taxes</b>				
Goldstrike	10	43	47	186
Pierina	15	30	43	72
Eskay Creek	15	-	42	-
Bulyanhulu	-	5	6	8
Kalgoorlie	7	-	14	-
Hemlo	5	-	10	-
Plutonic	4	-	18	-
Round Mountain	6	-	20	-
Other	20	(3)	47	8
	<b>82</b>	<b>75</b>	<b>247</b>	<b>274</b>
<b>Exploration and business development</b>				
	(19)	(10)	(43)	(30)
<b>Corporate expenses, net</b>				
	(21)	-	(72)	(12)
<b>Non-hedge derivative losses</b>				
	(2)	-	(26)	-
<b>Income taxes</b>				
	(2)	(2)	12	(26)
<b>Net income</b>	<b>\$ 38</b>	<b>\$ 63</b>	<b>\$ 118</b>	<b>\$ 206</b>
<b>Capital expenditures</b>				
Goldstrike	\$ 36	\$ 65	\$ 113	\$ 200
Bulyanhulu	12	21	44	125
Pierina	7	9	16	16
Eskay Creek	5	-	8	-
Kalgoorlie	4	-	7	-
Hemlo	2	-	5	-
Plutonic	6	-	14	-
Round Mountain	1	-	7	-
Pascua-Lama	3	17	9	64
Cowal	5	-	7	-
Veladero	4	-	16	-
Alto Chicama	7	-	16	-
Other	7	18	28	29
	<b>\$ 99</b>	<b>\$ 130</b>	<b>\$ 290</b>	<b>\$ 434</b>

## 8 BUSINESS COMBINATIONS

### A Homestake Mining Company

On December 14, 2001, a wholly-owned subsidiary of Barrick acquired Homestake Mining Company ("Homestake"). Homestake was a global gold mining company with its primary operations in the United States, Australia, Canada and Argentina. Under the terms of the agreement, approximately 139.5 million shares of Barrick common stock were issued in exchange for all of the outstanding shares of Homestake common shares based upon an exchange ratio of 0.53:1. The acquisition has been accounted for as a purchase for Canadian GAAP purposes, with the results of Homestake's operations included in the consolidated financial statements effective December 31, 2001.

The aggregate purchase price was \$2,250 million including common stock of \$2,220 million and the fair value of stock options issued to Homestake employees of \$30 million. In addition, we incurred \$18 million in share issue costs, which have been charged against capital stock. The value of the 139.5 million common shares issued, was determined based on the average market price of the Barrick common shares over the five-day period before and after the terms of the acquisition were agreed to and announced.

A valuation has been undertaken to allocate the cost of the purchase to assets acquired and liabilities assumed, including intangibles and goodwill. Final adjustments will be made to the amounts assigned to assets and liabilities once the valuation process is completed.

The following table summarizes the estimated fair values of assets acquired and liabilities assumed at the effective date of acquisition based on the results of the valuation process completed to date.

Current assets	\$ 206
Property, plant and equipment	855
Other long term assets	151
Intangible assets	539
Goodwill	1,295
<b>Total assets acquired</b>	<b>3,046</b>
Current liabilities	(196)
Long-term debt	(74)
Future income taxes	(196)
Other long-term obligations	(330)
<b>Total liabilities assumed</b>	<b>(796)</b>
<b>Net assets acquired</b>	<b>\$ 2,250</b>

Details of acquired intangible assets are as follows;

	As at September 30, 2002		As at January 1, 2002	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
<b>Amortized intangible assets</b>				
Mining rights for proven and probable reserves	\$ 129	\$ 13	\$ 129	\$ -
<b>Unamortized intangible assets</b>				
Mining rights for mineralized material	410	-	410	-
<b>Total</b>	<b>\$ 539</b>	<b>\$ 13</b>	<b>\$ 539</b>	<b>\$ -</b>

The allocation of goodwill to each operating segment will be completed on finalization of the purchase price allocation.

## 9 RECONCILIATION OF NET INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES

	Three months ended September 30,		Nine months ended September 30,	
	2002	2001	2002	2001
Net income	\$ 38	\$ 63	\$ 118	\$ 206
Adjustments:				
Amortization	132	81	386	240
Amortization of deferred stripping costs	39	19	101	97
Future income taxes	(3)	(2)	(27)	(7)
Other items	(12)	14	(23)	38
Changes in operating assets and liabilities:				
Accounts receivable	-	61	(5)	74
Inventories and other current assets	2	(1)	60	(3)
Accounts payable and accrued liabilities	(29)	(77)	(92)	(120)
Cash provided by operating activities	\$ 167	\$ 158	\$ 518	\$ 525

## 10 HOMESTAKE CANADA INC. ("HCI")

In connection with a 1998 acquisition, HCI issued 11.1 million HCI exchangeable shares. Each HCI exchangeable share is exchangeable for 0.53 of a Barrick common share at any time at the option of the holder and has essentially the same voting, dividend (payable in Canadian dollars), and other rights as 0.53 of a Barrick common share. A share of special voting stock, which was issued to the transfer agent in trust for the holders of the HCI exchangeable shares, provides the mechanism for holders of the HCI exchangeable shares to receive their voting rights.

As at September 30, 2002, 1.6 million of the HCI exchangeable shares were outstanding and are equivalent to 0.8 million Barrick common shares. As at September 30, 2002, we had reserved 0.8 million Barrick shares for issuance on exchange of the HCI exchangeable shares outstanding.

Summarized consolidated financial information for HCI, prepared in accordance with US GAAP, is as follows:

	September 30, 2002	December 31, 2001
Current assets	\$ 70	\$ 43
Non-current assets	272	345
Total assets	\$ 342	\$ 388
Other current liabilities	\$ 74	\$ 76
Notes payable	416	416
Other long-term liabilities	18	12
Deferred income taxes	122	121
Shareholders' equity	(288)	(237)
Total liabilities and shareholders' equity	\$ 342	\$ 388

	Three months ended September 30, 2002	Nine months ended September 30, 2002
Total revenues and other income	\$ 38	\$ 141
Less: costs and expenses	36	138
Income (loss) before taxes	\$ 2	\$ 3
Net (loss)	\$ (2)	\$ (7)

Certain statements included herein, including those regarding, production, realized gold prices and costs constitute "forward looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. Such forward looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Barrick or of the gold mining industry to be materially different from future results, performance or achievements expressed or implied by those forward looking statements. These risks, uncertainties and other factors include, but are not limited to, changes in the worldwide price of gold or certain other commodities and currencies and the risks involved in the exploration, development and mining business. These factors are discussed in greater detail in Barrick's most recent Annual Information Form and Management's Discussion and Analysis of Financial and Operating Results" on file with the U.S. Securities and Exchange Commission and Canadian provincial securities regulatory authorities.

Barrick expressly disclaims any intention or obligation to update or revise any forward looking statements whether as a result of new information, events or otherwise.

For a description of the key assumptions, parameters and methods used in calculating Barrick's reserves and resources, including the resource at the Alto Chicama property, see Barrick's most recent Annual Information Form referred above, and Barrick's press releases of July 10, and September 17, 2002.