BARRICK

Speech

All Amounts in United States Dollars

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Now that John's given you a sense of where we are on the operational side, let me sketch out the financial part of the story.

Top-line, we came into 2002 with a large cash balance a low net debt level – with a modest $150 million coming due over the next five years. With a larger, more diversified asset base then ever before, but still among the lowest cost producers in the world set to generate strong cash flows and large free cash flows, with our lowest capital expenditures in 14 years in 2002.

Taken together, it all adds up to the strongest balance sheet in the industry with a balance sheet that will only get stronger in 2002, positioning us for the opportunities Randall described in the current environment.

Clearly, we've come a long way from the Barrick of the 1980's. Now more than ever, Barrick is laying the financial foundations for a Company that's built to last.

As many of the veterans here know, we try to make these events as information-intensive as possible. This year being no exception, I have a lot of ground to cover in just a few minutes' time. So let me start with a snapshot of our financials, both our 2001 numbers, and our targets for 2002.

Overall, 2001 was a year of transition. For the first time our results reflect the consolidation of Barrick and Homestake on a historical pooling of interest basis, including the additional 140 million shares issued from the merger. Earnings before one-time charges were $245 million or $0.46 per share.

After reflecting the two one-time charges related to the merger, first, the merger costs of $117 million, and the $59 million Troilus judgement against Homestake. Our earnings were $96 million or $0.18 per share. We filed our appeal of the Troilus lawsuit last week and would expect the appeal to take 12 to 18 months to conclude.

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Operating cash flows totaled a healthy $721 million. Keep in mind, the fact that, the 2001 results don't reflect any of the financial benefits of the $60 million of financial synergies going forward since the Homestake merger closed in December.

Our capital expenditures were $607 million, including deferred stripping of $150 million. And even after we repaid Homestake's $140 million line of credit in December. We had $733 million in cash and short-term investments at year-end.
On the financial front, for the first time we're communicating our results to the investment community, using U.S. GAAP, improving the comparability with other S&P 500 companies. Economically, of course, the change is neutral, but overall, there are a few major differences between Canadian and US GAAP for Barrick.

Amortization will be higher at our North American operations, particularly Goldstrike with the reduction of reserves at Meikle, because of the limitation of depreciating book values against only proven and probable reserves. Exploration expenses will be higher for those projects where we have not yet brought the resource into reserve status and we anticipate more non-cash variability in our earnings, as a portion of our hedge program will be marked-to-market on a quarterly basis. The unrealized mark-to-market changes to some of our gold, interest rate and currency positions is now reflected in our income statement and is disclosed as a separate line item.

In the current environment, as we all know, we’re seeing a surge of interest in off-balance sheet items. That’s understandable. At Barrick, we don’t engage in off-balance sheet financing activities. There are no hidden debts, special purpose entities or unconsolidated affiliates.

We are conservative managers with a lot of experience in reducing risk, not adding to it. As a result, there are very few items that don't appear directly on our balance sheet. The most significant off balance sheet items are our Premium Gold Sales Program, future reclamation liabilities and our reserves.

At Barrick, we hedge, we don't trade. Our objective is simply to optimize the price we receive on our gold sales while reducing risk. We make use of four major strategies to reduce risk and improve returns.

First, our Premium Gold Sales Program represents a double-A rated $5.5 billion asset, on which we earn interest at fixed rates with a broad group of strong counterparties. We've conservatively diversified this asset by investing $1 billion or 17% of the overall program into a fixed income portfolio with a number of top fund managers to improve returns. This A-rated portfolio is highly diversified with over a thousand bonds, and earned in excess of 1% of incremental returns last year.

Second, we look for opportunities to lock in long-term US$ interest rates. This was very successful in 2001, as we locked in interest rates more than 1% higher than they are today.

Third, we have locked in gold borrowing costs on two-thirds of the overall program while maintaining floating lease rates on the balance to maximize contango.

And lastly, we also sell gold call options to generate additional revenue. The calls are written at prices at which we would be happy to add to our forward sales program if we are called away. We have the complete ability to roll the contracts, with the additional premium, into our spot deferred program at higher forward prices.

Outside of the gold program, we make use of other hedges to manage our cash flows. Specifically, foreign currency hedges on C$ and A$ to cover approximately one or two years of operating costs; By-product hedging, generally silver, to lock in a portion of our costs and other interest rate

hedging that we've locked in the rates on our $200 million Bulyanhulu project financing, for the full 9-year term at an all in rate of about 8%. We also lock in interest rates on our cash deposits.

As I mentioned, in all our hedging, we look to reduce risk, not increase risk to the company. The Program has no leveraged options or hidden financing structures and we have no margin calls at any gold price.

The next largest off balance sheet obligation is our future reclamation liability. With the experience we've gained while closing a number of mines over the past five years, we've not only been able to improve operating procedure at our mines to reduce this ultimate liability, but we are confident that our annual review of our future obligations is conservative.

Based on what we see today, we're comfortable that we've accrued the appropriate amount, with future production carrying about a $4 per ounce charge, similar to the past 10 years for the Company.

While most people only think of off balance sheet items as being obligations or liabilities, most mining companies' largest off balance sheet item is actually their reserves. And the large, long-life, low-cost nature of our reserves provides more than enough of an offset for our forward sales program. In fact our reserves are about four times the size of our forward sales program.

As Randall told you, we've reassessed our Premium Gold Sales program in light of the Homestake merger, today's price environment and the fact that we've never been stronger financially. We've retained the number of ounces in the forward sales program at roughly the same level of 18.2 million ounces, or 22% of reserves.

This is virtually unchanged from the combined Barrick/Homestake position at the end of the 3rd Quarter and in today's market we currently have no plans to increase our forward sales position. We will generate the same overall premiums, but we're making an adjustment in terms of the goals that guide our delivery schedule.

As Randall explained, for most of Barrick's history, forward sales gave us a way to manage the capital we needed to build Goldstrike and, later, to meet our acquisition and development goals.

Since 1996, we've spent over $500 million acquiring companies for cash. We built four new mines – Meikle ($180 million), Pierina ($260 million), Bulyanhulu ($280 million) and Rodeo ($125 million).

Constructed a state-of-the-art roaster facility at Goldstrike ($330 million) and paid out almost half a billion dollars in dividends.

In essence, the $1.7 billion in additional revenue generated just since 1996 gave us the ability to acquire, explore, develop and produce more gold than we otherwise would have been able to do without the program. Rather than reduce it, our program actually allows us to increase our exposure to higher gold prices, given the larger production and reserve base it helps to create.

Today, with those capital-intensive projects complete, we're looking at substantial free cash flow over the next five years. Given this forecast, our financial strength and the much more positive tone in the gold market. We are adjusting our hedge position to reflect this.

These adjustments still allow us to maintain the same significant earnings generation of the program, but in contrast to past practice, we'll deliver only 50% of production against the hedge book in any one year and sell the other 50% at spot. In 2002, we'll deliver just 50% of production against the Premium Gold Sales Program at $365 per ounce.

As Randall said, our aim is to set a minimum floor price, one that ensures us sufficient cash flow to cover cash requirements for the year and that's including capital spending programs and dividends, while providing additional leverage to a rising gold price.

Our earnings and cash flow will benefit immediately as gold prices move higher, while still being assured the additional security and predictability of strong cash flows.

To give you a sense of the economic impact we're talking about, a $25 increase in the average spot gold price will increase our earnings in 2002 by almost $70 million, or about 13 cents per share. And while we're on the subject of free cash flow, let me underscore that we will carefully review all capital opportunities for reinvesting Barrick's free cash flows in an industry that continues to change and consolidate. Our focus will be on projects that generate returns in excess of our cost of capital, which is necessary to ultimately generate shareholder value.

The last issue I want to touch on this morning is the synergy we're realizing from the Homestake merger and the savings that will result. Here, too, the accent is on financial discipline with a focus on cutting costs, and finding new ways to do more with less.

The cost of the Homestake merger came in at $117 million, higher than the $75 to $100 million we originally estimated it would cost. Several factors are responsible for the higher number.

Severance and integration costs were higher than we orginally forecasted, as we streamlined the organizational structure more significantly than we'd initially planned. We focused on the costs of doing things right now to add more benefits to the future. The mandate that we placed on our Operating Review Team grew as the integration unfolded, expanding to involve visits to all eight of our major assets in search of the kind of additional synergies that increase production and produce long-term cost savings, across the board.

The way I see it, we traded higher one-time costs – for larger ongoing savings. As we moved forward with the integration, we exceeded our initial estimate of synergies and expect to realize after-tax savings of $60 million with a savings we'll enjoy not just this year, but every year.

In fact, we think we can increase this amount even more in 2003 and 2004. In 2002, on an after-tax basis, we're looking at $27 million through administrative savings, $13 million through exploration synergies and $20 million more from tax savings in Canada and the United States.

And that's just one part of the cost-savings picture. As John has already explained, thanks to our very effective Operational Review Teams, we also uncovered real potential for cost-savings on the operations side. We'll be working through 2002 to realize these savings, but with operating costs now running around $1 billion a year – it's already clear there are plenty of opportunities to increase production and lower costs.

With these changes in place, in 2002 we expect to produce 5.7 million ounces with seven mines scheduled to close in the four quarters between late 2001 and 2002.

We expect to sell 50% of that production against our hedge program at $365 an ounce, with the balance at spot. The first time in 14 years that Barrick has sold gold at spot.

We're estimating cash costs of $167 per ounce, with total production costs including amortization and reclamation running at $254 per ounce.

Also in 2002, we'll see the merger synergies really start to show up, in lower administration costs and approximately $55 million this year, down from $86 million in 2001.

Exploration expense of about $55 million and we expect to continue to maintain a tax rate of less than 10%, with the additional tax synergies of the merger.

Interest expense will be higher at about $55 million, as we will no longer be capitalizing interest with the completion of Buly and Rodeo and the deferral of Pascua.

As I said when I began, capital expenditures are expected to be the lowest in 14 years at $228 million, excluding deferred stripping resulting in the largest free cash flow in Barrick's history with all the options and opportunities that gives us to create shareholder value.

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