

All Amounts in United States Dollars

By: John Carrington
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A big part of Barrick's story over the past 12 months was the new mines acquired through the Homestake merger, the opening of our first mine in Africa and the new generation of mines we are developing.

On the operational front, we're focused on three key objectives: First, increasing profitable production. Second, increasing high-quality reserves. And third, maximizing the contribution from our operating mines. With Homestake, we saw an opportunity to advance all three objectives so we seized it. Homestake brings us long life, low-cost mines in North America and Australia, all with the potential to increase production and reserves and lower costs.

Let's start here in North America where we've added about 1 million ounces of annual production. Eskay Creek, located in British Columbia, is a truly premier property, with one of the lowest cash costs in the world, on target this year to produce 366,000 ounces at \$51 per ounce. Equally, Eskay has a strong exploration profile, with a substantial underground drilling program beginning this summer.

Homestake also brought us a 50% interest in two mines in the Hemlo camp, located in northern Ontario, as well as 50% in the Round Mountain Mine in Nevada. Both are steady, solid operations, each with projected 2002 production of about 300,000 ounces, at cash costs around \$200 per ounce, a production pace we expect to sustain. And both have the potential to add value through exploration or consolidation.

Homestake's Australian operations provide us with a significant presence in the third largest gold producing region of the world: A group of quality mines capable of generating about 1 million ounces of gold annually at less than \$200 per ounce.

At the Kalgoorlie Super Pit, we have half of the largest gold mine in Australia. We see room there to improve its operating structure and production performance. Our Yilgarn operations in Western Australia are coming off another strong year: increased production, lower costs and great exploration results. In fact, Yilgarn has more than replaced reserves against production and at better grade for three years running.

Our best example of new production and increasing reserves is our Bulyanhulu mine in Tanzania, East Africa. Barrick acquired Bulyanhulu with the Sutton Resources acquisition in 1999. Reserves at Bulyanhulu have increased from 3.6 million ounces at the time of acquisition to 12 million ounces at the end of last year. Production began during the second quarter of last year, on time and on budget. We had a smooth start-up with one exception: recovery rates in the mill. We expect to have recovery rates up to design by the end of this quarter, putting us on track to produce 362,000 ounces at a cost of \$173 per ounce this year. Over the next few years we see Buly's production topping 400,000-ounces, with costs declining toward the life-of-mine average of \$130 an ounce. We've now completed the decline to the East zone, paving the way for exploration in this area in the second half of the year.

While, we see production potential at our existing operations, our immediate organic growth will come from our new generation of projects:

- Pascua/Veladero
- Cowal
- Alto Chicama

All together, we're looking at 3 promising projects - a growth pipeline no other gold company can offer.

The largest of this new generation is Pascua/Veladero. This district straddles the border between Chile and Argentina a property that should provide us with significant growth at very low costs of production. Through the Homestake merger, we can now look at a single development plan for this district. With 25 million ounces in reserves, this is the world's largest undeveloped gold property.

We're going to take advantage of all available synergies, from shared infrastructure for more efficient development of the area, to shared functions like administration, purchasing and accounting, all with a view to lowering capital and operating spending.

Last year we increased reserves at Veladero to 8.4 million ounces. We began an extensive metallurgical program to better define the processing scenario. We are continuing our drilling and are very encouraged with both the drilling and heap leach testing results in the first quarter. Our updated feasibility study will be completed this quarter.

Our plan sees an open pit mine, two stage crushing and a valley-fill heap leach operation for gold recovery, a design very similar to our Pierina mine.

With the great results we're getting at Veladero and the improvements we're seeing at Pascua-Lama with continued strengthening of the gold price and better project economics, for example, through the devaluation of the Argentinian peso, we anticipate that the construction team will move directly from development of Veladero to development of Pascua. Ultimately this gold district should produce approximately 1.5 million ounces of gold per year at about \$125 per ounce.

Looking at our next generation of opportunities in Australia, we added almost 3 million ounces to reserves last year with Cowal. The more we look at it, the more we like it. Our focus in 2002 is to expand the reserve and resource base and to continue metallurgical studies and engineering field investigations to optimize the economics of the project.

Barrick has always been better known for acquisitions than exploration - but that's changing. Last month's announcement of the Alto Chicama discovery in Peru is a great indicator of the kind of excitement our exploration effort is generating. Based on wide-spaced drilling results, we're calculating an inferred resource of 3.5 million ounces of gold. The similarities to Pierina, at this stage, are striking: grades, metallurgy, gold-rich surface outcroppings and the potential for expanding the resource.

Our plan for the remainder of 2002 is to concentrate on in-fill drilling to convert our current resources to reserves. We'll also proceed with step-out drilling to expand the resource. To achieve this we are tripling the number of drill rigs on the property to twelve and we're increasing this year's budget for Alto Chicama from \$5 to \$20 million.

The grassroots exploration that brought us Alto is also underway at 35 other properties. They add an important new dimension to our District Development programs on and around existing properties.

When I started, I put the spotlight on increasing production and increasing reserves. I want to conclude with a third operating objective that's every bit as critical to us as the first two: maximizing operating contributions.

We've had good success across the board, particularly in cost-cutting. Success has a way of raising the bar. Over the past five years, we've dealt with the easier targets. At the beginning of last year, we took a fresh look at the constraints to production at every point in our production sequence, from trucks to our processing plants. This led to the development of the Barrick Operating System, "BOS". BOS, is a tool to help us maximize our operating contributions.

We started at Goldstrike and Pierina, looking for ways to improve mining, processing and recovery rates, as well as continuing to reduce costs. That effort is paying off, big time.

At Goldstrike, we've seen the average grade processed over the past five years decline by about 50%, to essentially reserve grade. In the past two years, in the kind of surprise we couldn't predict or budget for, we've seen power costs increase nearly 60%. These are two tough trends to fight. But, if we exclude the power cost hike, our costs per ounce over the past five years at Goldstrike are up just 4%, despite nearly doubling the number of tons processed per year. That's a tribute to the Goldstrike team. There are still more opportunities to improve margins from both the underground and open pit. And we will get them. I expect Goldstrike to continue producing 2 million ounces per year at similar costs for some time to come and most importantly, contributing free cash flow.

Let's move from Goldstrike to Pierina, different mine, same story. At Pierina, the best ore sat right on the surface. We mined it first. But over the past four years, our Peruvian operations team has lowered unit costs a full 26% making productivity improvements and lowering labour costs to offset the declining grades to generate very strong free cash flows. That's a credit to the talent of our management team at Pierina, expertise we intend to draw on as we gear up for Alto Chicama.

Of course, our drive to maximize operating contributions extends to every property on every continent. During the merger process with Homestake, we set up an Operations Review Team drawn from both companies. With the merger complete and our operations integration well under way, we are putting plans in place to realize those opportunities this year and next.

With the talent Barrick's cultivated over the years and the solid team we got from the Homestake transaction, our group of operating executives and mine managers is the strongest we've ever had. Our focus: doing things better, cheaper and faster. The way I see it, it's all about competitive edge, getting it, keeping it and growing it. And as Chief Operating Officer, I can assure you we have just the team in place to do that.

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