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SPEECH

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To: Cordilleran Exploration Roundup
Vancouver
Date: January 29, 2003

Good Morning,

When you consider the topic of my talk today – where will the gold mining sector find itself in 2023? - there's more than a little irony involved in asking someone from a company founded only 20 years ago to forecast where the gold industry will be 20 years from now.

None of us has a crystal ball – even if all of us wish we did. I certainly didn't have one 20 years ago, when Barrick was producing 30,000 ounces a year from one mine – Renabie in Ontario. I was not quite "present at the creation of Barrick," but I was close. I came to Barrick in the summer of 1984, when Barrick bought Camflo. So, in a way, I was one of Barrick's first acquisitions – although I I ike to think of it as a reverse takeover.

Back then, the gold market was driven by South African production topped off by Soviet supply being sold from stockpiles. Barrick's aim was to offer itself as the North American alternative for gold investors – a safe haven against geo-political risk. You will recall these were the days of apartheid and the Berlin Wall.

Barrick's acquisition of Camflo was very much a marriage of money and mining expertise, and with that marriage consummated, we set our sights on a bold objective: A two-year target to grow to an annual production of 200,000 ounces.

At the time, I can tell you, growing to 200,000 ounces in 100 weeks seemed quite impossible. Today, of course, we hit 200,000 ounces in terms of 2003 production about two weeks ago. I can tell you we honestly did not imagine growing to where we are today: An overall production profile of 5.7 million ounces, and 8 major mines operating on 4 continents.

Now, there's a purpose to my tour back down Memory Lane, and it's this:

No one in 1983 could have predicted where we'd be in 2003.

I can tell you, when I was building Betze-Post in 1989, my plan for Goldstrike projected that the operation would build up to a single year of 1 million ounce production, and then trend down again. Today, we're coming off our 8th straight year of 2 million ounces at Goldstrike.

By the same token, back in 1989, when gold was at $400 an ounce many analysts were plugging $500 an ounce into their models – no one saw gold dropping like a stone to less than $300 an ounce by 1997, or that it would be 2002 before we'd see the sunny side of $300 again.

And I do not know about you, but I did not call the fall of the Berlin Wall in November 1989 either. No matter: Neither did the intelligence agencies of the U.S., the U.K., France or Germany – and of course, the USSR was the last to know. Nor did any of us foresee the crumbling of apartheid in South Africa, or the fact that Nelson Mandela would walk out of a prison cell on Robben Island and into the office of the presidency.

My point is simply this: Dramatic shifts in the global political environment, shifts no one predicted or prepared for, had a tremendous impact on the supply side of our industry, reducing the role of gold in central bank reserves in the 1990's, and opening up a new exploration boom to previously unexplored regions of the world. Today, the South African portion of the gold market has decreased, while the Soviet stockpile has disappeared – along with the Soviet Union itself.

With the benefit of 20 years of hindsight, the moral of this story is simple: Build the best business plan you can, but keep your head on a pivot – be ready to react to any new development, political uncertainty, any seismic shift in History – that reshuffles the deck, and creates an opportunity for every obstacle it places in your path.

But "what we didn't see coming" is only part of the story. Because when we look 20 years out from today, what we can see are challenging times ahead – more challenges, I'd argue, than at any time in the past 20 years.

First let me review the industry as a whole, before I outline Barrick's position. After all, gold production is declining, as we exhaust current reserves across the industry. It's safe to say that's a trend that is going to continue. On the supply side, we have just experienced a prolonged period of sub-$300 gold prices. Exploration funding has dried up and the stock feed of new discoveries has slowed down. Along the way, we've plucked the low-hanging fruit – making new discoveries more difficult to find and more expensive to produce. Pressure on the cost side is enormous.

With lower grades come higher costs. Add in the costs of higher environmental standards, sustainable development commitments – good and responsible commitments to make – and the cost per ounce rises even higher.

When new discoveries are made, then time – or rather, a time-lag – becomes a factor, since the interval between a discovery and production is lengthening, as permitting processes grow longer and more laborious in almost every country. Permitting and constructing an open-pit project, for example, is taking 5 years or more. Move underground, in say, South Africa, where the potential is

moving to greater depths, costs have been kept at bay by the declining rand exchange rate. New development at these depths however will take 8 years or more.

So turning on the tap is -- on average – going to take somewhere between 5 and 8 years, and the discovery we make today will be reflected in 2007 at the earliest.

Along with a decline in gold production and few new potential projects, we see no technology advances to speak of -- clearly none with the orders-of-magnitude impact we saw with the advent of heap-leach technology in the 1970s. There is a reason for that: Low gold prices have sapped resources available for R&D. And without new technologies, we won't see the game-changing advances that make known but un-economic deposits, economically viable.

At Barrick, we're ahead of the curve, with four new development projects well along the road -- projects planned at $275 gold, that look just that much better at $350. At Cowal, for instance, we acquired a property with its EIS already in place. Last week, at Veladero, we signed an agreement with State Agency in San Juan. We are presently mobilizing for the road construction. At Alto Chicama, we're working with local committees and federal authorities to get all our permits in place. The key – in Australia, Argentina, or Peru and anyplace else: Be up front with as much information as possible as early as possible. Before you build your mine – you've got to build a climate of trust.

Look out 20 years, and we surpass the mine life of almost every major property presently in production today. I'm happy to say that Barrick's Bulyanhulu Mine will still be there, and so will the powerhouse we will build at Pascua.

So the question today is: What new mines will we discover -- and where they be?

At Barrick, we're working to provide positive answers to those questions.

Our exploration effort, is running at around $100 million per year. That is good news for us – and it is part of a conscious decision we made. As the juniors stepped back over the past five years, Barrick stepped up – and we're now running the industry's most expansive exploration effort.

There are 2 metrics I like to use to give you a sense of the kind of return we are getting from our exploration program. Right now, our "Cost of Discovery" is about $12 per ounce – and our "Cost of Replenishment," a measure of our ability to replace ounces at our existing mines – is running around $3 per ounce. We watch those measures closely, so that we can put our efforts where the return is best.

The fact is, in a rising price environment, everything looks better. With gold going from $275 to $350, the industry is seeing some projects come out of mothballs with a view to mine development -- just as it will probably see some incremental production increases from operating mines. But a word of caution on that front: Mines that were unprofitable at $275 are by definition high-cost properties – they're profitable at the margin, but that's not what sustains a company going forward. Even at $350 an ounce, their return will be low.

So yes, the Industry needs gold at $350 today – and even higher than $350 for 5 or 6 years to put the economics in place to sustain the exploration that will bring us the best discoveries – the low-cost, long-life properties that will define this industry for the next 20 years.

We have seen the first fruits of the focus on exploration in our new discovery at Alto Chicama in Peru, a resource we're estimating at 7.3 million ounces. Alto Chicama is just one of four new projects in a growth pipeline we forecast will bring us 2 million new ounces a year -- at an average cost per ounce of $125, with the initial project commencing in 2005.

Alto Chicama's share of that 2 million per year production is 500,000 ounces, at an average $130 per ounce. Beyond this, Barrick's growth pipeline includes:

- Cowal in Australia, where we're looking to a 2005 start, with projections of 270,000 ounces per year, at $170 per ounce.
- After Cowal, we have Veladero in Argentina, on track for a 2006 start, projected to produce 530,000 ounces per year at $155 per ounce.
- From Veladero, we move 7 kilometers west to Pascua, on the Chile/Argentina border. With production at Pascua scheduled to commence in 2008, we're looking at annual production of 800,000 ounces -- at a cost of $85 per ounce.

Those four projects – Alto Chicama, Cowal, Veladero and Pascua – are the pipeline Barrick is counting on to drive growth beginning in 2005. All told, we're looking at a rate of return of 14% at $325 gold –moving 3% more for every $25 movement in the price of gold.

Of course, for any of us in this industry to be successful come 2023, we need the right kind of external environment in which to operate. Just as lower prices dry up resources available for R&D and exploration, a rising price will fuel a rebirth of both activities – to the advantage of the industry as a whole. And despite the market's efficiency, these factors are only now being priced into our product...

...And that's where the opportunities and the excitement come in.

Now, in addition to the right market conditions, we also need governments to realize that excessive delays in permitting and other regulatory obstacles constitute a drag on growth for their own stakeholders – their citizens – not just for our companies.

And as for our own companies... We need to encourage a positive attitude of the public towards us, by investing in socially responsible business practices that build not just new mines, but a deep reservoir of social trust.

The globalization debate isn't going to go away – and companies whose operations cross continents aren't going to be able to sit on the sidelines while the protestors take to the streets in Davos or Washington, D.C.

The question is whether we are Exhibit A in the case against the globalization – or a force for good in the communities where we operate.

At Barrick, this is an old idea – one that goes back to the model our founding Chairman Peter Munk had in mind at the beginning. Being the "North American alternative" meant more than being a safe haven for nervous investors – it meant providing a North American alternative in terms of development: bringing with it a positive social impact and progressive social values.

After all, the business of mining is what opened up large parts of Canada and the Western U.S. The business of mining has opened up lots of countries on every continent: We must recognize that it is part of what we do – part of who we are – and accept the responsibility that comes with it.

We took that approach at Goldstrike, with the investment we made in Elko, Nevada – which, I'm happy to say, was later crowned "Best Small Town in America." And we took that same socially responsible approach to each new continent – to Pierina in Peru, where Barrick has encouraged economic development in non-mining enterprises, carpentry, pig farming and other agricultural practices.

There is a lot I could say about what life was like in the villages on the Peruvian highlands before we built Pierina, but here's a good way to give you a glimpse. Before Barrick came, a child living in a mountain top village could not get to school, a 4000 foot hillside descent. He or she would arrive almost as school was over.

So when we built the road connecting the valley bottom to Pierina, we did more than build a way to bring men and material to our minesite...

...We connected a community to a world of opportunity they had never experienced before.

For the first time, village children could get to school, and their parents could get their agricultural produce to market before it spoiled. Today, children are learning, families are prospering -- and a community is lifting itself from privation to progress. We are proud of the difference we make – and what is says about who we are.

The same thing is happening right now at Bulyanhulu in Tanzania. We have brought water and power to 35,000 people – and we are building several housing subdivisions in the villages near the mine.

We are looking to make our Bulyanhulu miners not renters, but homeowners – and we're meeting them halfway, giving them a grant for half the value of the house, and a mortgage for the other half. It is the kind of community building that allows our Tanzanian employees to settle their families nearer the mine, creating a community with a steady employment base, sound housing, sanitation and utilities and schools and medical clinics: All the elements of a solid, sustainable community life. This is the role we are playing – and it is the role modern mining companies must play in the developing world.

What I am talking about are things my training as a mining engineer and training of many people in this audience were never prepared for: whether it is being a godfather to the son of a local community leader in Peru; or eating comfort food such as smoked scorpion and camels feet in China; times have changed.

As all crystal ball gazers know, precisely where we will be in 2023 is beyond our imagining.

As for me, of course... I will still be at Barrick, beginning my 40th year – rolling around the world in my wheelchair...!

As an industry, where we will be 20 years from now will be set in motion by the steps we take today and over the next five years...

In terms of the investments we make...

The exploration we undertake...

The projects we develop -- aided by new technologies that make us better, faster, smarter.

...All of which is predicated on overcoming the competitive challenge we face today.

In the end, of course, part of that challenge will be solved by the force of market movement, as it wrings out inefficiencies and incentives new investment.

But part of the challenge must be met by governments - especially governments in the developing world - as they rationalize their regulatory processes, so that gold production can fuel growth in GDP and jobs, contributing social progress to the economic prosperity of these countries and beyond.

And finally, of course, part of challenge must be met by us:

By the companies gathered here at this Cordilleran Conference...

We have to rise to the social expectations regarding good corporate citizenship in the countries in which we operate...

And we have to meet the competitive pressures to innovate, optimize and otherwise extract gold from the ground more efficiently and effectively in 2023, than we do today.

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