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SPEECH

“Why Barrick is Investing in New South Wales”

New South Wales Mineral Exploration and Investment 2003 Conference

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A. Introduction

It's always a pleasure to travel to Australia. And Sydney is such a beautiful city.

I'm probably not the first to tell you that I find a lot of similarities between your country and Canada. On some level, we have parallel lives...both our countries share similar historical roots, similar legal and political systems, and we have both grown into vibrant multicultural societies. We both have our own unique and often colorful take on the King's English

But most importantly, for our discussion today, we share a common mining heritage. Mining is at the historical root of your success as a nation, and ours. My topic is “Why Barrick is Investing in New South Wales”. The explanation is simple. Over time New South Wales' long experience with mining has contributed to the development of not only the mining expertise among your citizens, but also to the establishment of institutions, laws, and practices here in New South Wales that facilitate and protect that investment.

At Barrick, we are proud to be one of the largest gold producers in Australia. But we are still relative newcomers. We arrived, as you may know, with the Homestake merger in late 2001.

When we proposed to merge with Homestake, we had our eyes on Australia and the future of mining in Australia. We were attracted to Australia and to New South Wales for a number of reasons:

First and foremost, Australia has vast mineral resources -- and the next chapter in defining and developing their potential remains to be written.

You have a great mining tradition --- mining expertise that is among the best in the world. You have well-educated, hard-working employees; not to mention a living standard and quality of life that is extremely attractive.

New South Wales has a well-developed physical infrastructure - roads, water, power and the like - that facilitates the development of new projects.

And, last but not least, New South Wales also offers a well established legal, political and fiscal infrastructure - one that has managed to remain relatively stable and transparent at the same time that it has evolved to reflect contemporary values and needs. I will get back to that important asset later.

B. Barrick.

But first I want to tell you a bit more about Barrick. I think that the more you get to know about us, the more you'll see why Barrick and Australia make such a good fit. It will also help put in context some of my comments about why - in the global universe that Barrick finds itself operating - we like Australia and New South Wales as much as we do.

But first: Barrick. On the operational side, we are one of the world's largest gold producers.

Our estimated production for 2003 is between 5.4 and 5.5 million ounces. Including Australia, we have significant operations in seven countries on four continents—Canada, the United States, Peru, Chile, Argentina and Tanzania.

We employ more than 7,000 people—Barrick is a large, liquid gold stock. Our market cap is US\$9.7 billion*, with an average daily trading value of \$50 million. Our balance sheet is "A" rated, with \$1.1 billion in cash and no net debt. Which gives us the resources to develop projects - like our Cowal project here in New South Wales - properly.

Barrick is placing an increasing and significant emphasis on exploration. This year we have what we believe to be the largest exploration budget of any gold company in the world - some \$US 100 million on exploration and corporate development initiatives. And, I might add, Australia is one of our four targeted areas for those expenditures.

Thanks to our acquisition of Homestake, we are well established in Western Australia. We have a 50 per cent interest in the Super Pit there, which as you know, is the largest gold mine in Australia. We also operate three mines: Plutonic, Lawlers and Darlot, which comprise the Yilgarn district. In 2002 in Australia we produced more than 925,000 ounces of gold. We employ some 1,500 people in Australia. We will employ even more when the Cowal project here in New South Wales begins development.

I will come back to Cowal, which is a key building block in our future and I'll explain where it fits in - and I'll also bring you up to date on some exciting new progress at Cowal. But first, let me tell you briefly what else is new with Barrick at other places around the world where we are active:

Bulyanhulu

First let's start with Africa. Our most recently developed new mine is the Bulyanhulu project in Tanzania in east Africa. It just finished its first calendar year of production, producing some 356,000 ounces of gold in 2002. Bulyanhulu is our first project in Africa. While we still have some more work to do at Bulyanhulu, we are delighted with the initial results, and feel we have established an important presence on the African continent. We are presently evaluating a second Tanzanian project, known as Tulawaka, and should make a decision whether to proceed later this year.

Alto Chicama

In April, 2002, we announced the discovery of a significant gold deposit at our Alto Chicama Project in Peru. Initial resources were estimated to be 3.5 million ounces, and have grown to a mineable reserve of 6.5 million ounces at year-end. And we believe there is more room to grow.

We estimate that Alto Chicama will produce half a million ounces per year, at an average cash cost over the first decade of \$130 per ounce. Capital costs are projected at \$300 to \$350 million. This year, a focus of the

project is to complete a comprehensive Environmental Impact Statement as a predicate to moving forward with development.

Pascua/Veladero District

Another extremely promising area is in the Pascua/Veladero District, straddling the border between Argentina and Chile in the Andes mountains in South America. It's one of the largest undeveloped gold districts in the world, with more than 25 million ounces of gold reserves.

Veladero:

The most immediate project in that district is our Veladero project in Argentina. There, access road and camp infrastructure construction have already commenced. Capital cost estimates for the entire project are \$425 million.

Veladero's mineable reserves are now estimated at 9.4 million ounces. Production is expected to average 530,000 ounces per year. Veladero is scheduled to commence production in early 2006.

Pascua-Lama

A second project in the district is Pascua-Lama. That project is our most significant undeveloped property - with reserves of some 16.9 million ounces of gold and 584 million ounces of silver. We plan to turn our focus to Pascua-Lama once Veladero is well underway. We have previously estimated that Pascua-Lama will ultimately add some 800,000 ounces per year to our production profile.

C. Mining Investment in New South Wales

I mention these projects to give you a sense of the diverse countries and environments in which we operate. Indeed we have properties, exploration or development projects, or operating mines in some two dozen countries. And, in recent years, we have evaluated potential opportunities in approximately 75 others.

As you have seen recently here in Australia, the gold industry has been consolidating. Those companies that remain standing - like Barrick - necessarily become increasingly global in their reach. This globalization forces us to focus every day on the factors that affect exploration and mining investment decisions. And, relevant to my comments today, this global perspective provides a modest platform for me to respectfully point out what we believe you are doing right here in New South Wales.

There has been a lot of work done in the academic world to try to identify the factors that are most important to the decisions of mining companies as to where they spend their investment dollars. This obviously has been of considerable interest to many, particularly developing countries that recognize and covet the many positive impacts of mining investment. Indeed, the late 80's and the 90's saw scores of developing countries develop new mining codes, and new laws and policies governing foreign investment, foreign exchange and taxation, to try to attract new mining investment.

So, what are the factors that influence mining investment decision-making? And how does New South Wales stack up?

The first criterion, of course, is geologic potential. This is not something that government policy makers have control over. Australia stacks up here very well indeed.

After, geologic potential, there are several criteria that stand out:

- Security of tenure;
- Consistency of mineral policies;
- Ability to predetermine environmental policies;
- Ability to achieve fiscal and tax stability for the life of an investment; and
- A transparent and predictable rule of law.

On almost all of these criteria, New South Wales does very well.

It is quite possible, however, that some may take the virtues of your public policy in New South Wales for granted - and that would be a mistake. Sometimes it is useful to reflect on the issues that are not present here in New South Wales, to appreciate the competitive advantages that exist here. As a company doing business all over the world, I can tell you about issues that are not on the radar screen here

- Like transparency in the judicial system;
- Like a non-discriminatory foreign exchange regime;
- Like the ability to repatriate profits; and
- Like the ability to raise external financing

All are huge issues in many of the other countries that make up the world's gold industry in 2003.

Obviously, there have been issues in Australia that make the investment waters murky and uncertain. You are more familiar with them than I am, but issues like proper treatment of aboriginal land claims, mining industry taxation, and mining royalties in Western Australia certainly come to mind. But even in your ongoing progress resolving these difficult policy issues Australia has acquitted itself relatively well. And that is not something that one can, or should, take for granted. Finding appropriate solutions to difficult public policy issues is a commodity perhaps more rare than gold.

D. Corporate Social Responsibility.

I have already talked about where we operate, or plan to operate. Now I'd like to focus on how we operate.

We have been taking a cold, hard look at all aspects of our activities at Barrick, to see where we can improve and reach new standards. And I have to tell you, wherever we operate, one of the most important issues for global companies like ours is corporate social responsibility, in terms of the environment and in terms of working with the communities in which we operate.

It is much, much more than a matter of merely aspiring to "do the right thing", although this certainly comes into the equation too. For us at Barrick, corporate responsibility is a guiding principle also because it is our calling card.

It works like this: when we come to a new country or region to explore or develop a property, we bring with us our reputation and track record. These guide us in our day-to-day decisions, but they also guide the communities and leaders we hope to work with in *their* decisions—the decision as to whether we will be welcome.

We seek to build community trust in every aspect of what we do. We keep an open door to the communities we share, and encourage any and all stakeholders to meet and discuss the issues that matter to them. And we work from the bottom up. In other words the communities themselves help define the social development programs that we implement - rather than having standardized programs imposed by some distant "head office."

We invest in communities and community building. And we believe that there is a compelling business case for that investment.

Let me mention a few examples of Barrick's community investments:

- At Bulyanhulu in Tanzania, for example, we have spent more than \$US 6 million (and invested some 240,000 person hours) on job training, built medical clinics and schools and installed a water pipeline that serves some 30,000 people.
- At our flagship Goldstrike Property in Nevada, in the US, home to the Betze-Post and Meikle mines, our operations have donated more than \$US 11 million over the last decade to the state's communities and charities.
- At the Eskay Creek Mine in British Columbia, Canada, we attribute our success to the strong community relationships we have built, including the local Tahltan communities, whose Traditional Territories encompass the mine site.

Since shortly after its establishment 20 years ago, Barrick's policy has been to donate 1 per cent of annual pretax income of the company as a whole to local community causes. This is *in addition* to what we contribute to the local infrastructure or pay in taxes, royalties, duties, payrolls, and the like. A couple of modest local examples: donations from our operations here in Australia sent a Western Australian team of aboriginal students to attend the national aboriginal student games; our donation at Plutonic helps keep the Royal Flying Doctor Service serving remote communities in the outback, and we have recently contributed to the construction of a new aged care nursing home in Kalgoorlie. We are proud to give something back to the communities - in terms of donations, training, education - and environmental stewardship.

In this respect, I am also proud to share with you the fact that Barrick and Homestake have received scores of environmental awards and commendations at our mines around the world, including the prestigious US President's Council on Environmental Quality award. We're also pleased to be the holders of a 2001 Golden Gecko Award, presented to Australian operations by the West Australian Government for environmental excellence in the resource industry; and a Certificate of Merit, presented to the Plutonic Mine for excellence in environmental management.

E. Cowal.

I have been going through all this because, as I said earlier, I want to spend some time in particular discussing Cowal, and providing a broader context for my comments on that important project.

The Cowal Gold Project is north of West Wyalong, and 350 kilometres west of here. It's an advanced development project that we acquired in the Homestake merger in 2001; the project itself was acquired earlier that same year by Homestake from Rio Tinto.

Last year we continued drilling and engineering studies at Cowal to optimize the project and update the feasibility study that was already underway. We expect to have a revised feasibility study fairly soon—our timeline is mid-year and we're almost there.

To date we have completed over 300 new drill holes (102,000 metres) designed to infill previous drilling, particularly in the deeper parts of the ore body; to collect samples for metallurgical testing; and for engineering and hydrological studies. At the peak late last year there were 12 drills at work on the Cowal property, currently there are five. We are also progressing on final permitting matters, including a number of ancillary licenses and permits that are conditions of the development consent.

Today I can announce that we are one step closer to making the Cowal project a reality for Barrick and for New South Wales.

I am pleased to tell you that Barrick Australia Limited and the Wiradjuri Condobolin Native Title Claim Group have reached an important agreement relating to the development of Cowal --- an agreement that will ensure that wide ranging benefits flow to the Wiradjuri community, all while respecting and promoting their cultural heritage.

Under our agreement, we will support the Claim Group to establish the Wiradjuri Condobolin Corporation to deliver benefits to the Wiradjuri Community, as well as to provide cultural heritage services to Barrick and others operating in Wiradjuri Condobolin country.

Together we will establish an Education, Training and Business Development committee. Barrick also will provide funding for multiple scholarships and apprenticeships and for pre-employment training. To help build community understanding of Wiradjuri culture, we will provide an annual grant for the establishment of a Centre for Wiradjuri Studies, and we will help create a keeping place and transportable display about the Wiradjuri Condobolin people.

Richard Weston, Cowal Gold's Resident Manager, described this agreement as bringing us closer to commencing the Cowal Gold project--and the benefits it will bring to the entire region. Percy Knight, a spokesperson for the Wiradjuri Condobolin community, described the agreement as "a new beginning". And we think they're both right.

We are thrilled that the community supports what we are doing--it underscores to us that our attention to environmental and community concerns is the right way to go. I hope you will become familiar with the details of our project and agree that we are taking the right approach.

Subject to the approval of our Board and final permitting, construction is expected to begin at Cowal in the second half of 2003, with production start-up planned for mid-2005. We project capital costs of US\$180 million to bring Cowal into production.

When we go ahead at Cowal, we will do so according to the strong safeguards that are in the Environmental Impact Statement and Development Consent as well as additional measures that we identify along the way that lessen the impacts of our development. I'll give you some examples of what we are doing.

One of the issues we discovered was the degraded condition of the Red River Gum habitat, due to historic land use practices. We're working with the Lake Cowal Foundation, which includes several important environmental organizations, to plant some 40,000 native seedlings. It's part of a broader regeneration project that we're implementing, and Richard Weston, our General Manager at Cowal, tells me that this project will be used to develop future mine rehabilitation strategies.

We have also developed some innovative measures to lessen our environmental footprint at Cowal. For example, exploration drilling achieves zero fluid discharge, thanks to a system that eliminates the need for excavating sumps beside the drill rigs. Instead, water from several drills flows to a centralized holding tank, where sediments settle before the water is returned to the drills.

Your inspectors from the New South Wales Department of Mineral Resources have commended Barrick for this environmental innovation.

We have also developed strategies to capture and reuse storm water and to recycle water from the tailings storage facilities and ore processing areas. We're monitoring the effectiveness of all our environmental management systems, to ensure we do as much as we can to protect water quality, minimize noise and dust, protect wildlife and restore habitat.

An independent panel, which we are funding, and which includes arms-length experts, will monitor the environmental measures we take at Cowal. The panel will provide independent environmental audits of the project and will prepare an annual State of the Environment Report. A second group, the Community Environment Monitoring Consultative Committee, will also monitor the project.

I'm delighted to tell you that your own government authorities are working with us in a thorough and professional manner, consistent with the laws of New South Wales. These authorities have been tough - but, most importantly, they also have been fair, responsive and entirely transparent - which is all an investor - or the public - can ask.

Government co-operation is important—and welcome. But it is not enough.

Our experience tells us that the most important co-operation necessary to make projects like Cowal a success is to gain the confidence and support of the community. But this is not something that can ever be taken for granted; it has to be worked on continually, throughout the life of a mine project. It has to be earned - over and over again.

In closing, my new Aussie friends tell me you shouldn't do business with just "any old bloke" --- better to find a "real mate" with "plenty in common." I hope my talk today has placed Barrick and New South Wales in that category - based on our common commitment to mining excellence, shared values and mutually rewarding, sustainable benefits. We are delighted to be here working with you.

Thank you.

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