

For Immediate Release

President Mkapa Inaugurates Tanzania's First Large-Scale Underground Gold Mine

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Tanzania, July 18, 2001 . . . Kahama Mining Corporation's Bulyanhulu mine, Tanzania's largest underground gold mining investment, was officially opened today by His Excellency President Benjamin William Mkapa, paving the way for Tanzania to become one of Africa's largest gold producing countries.

As gold output from the mine builds to full production, government royalty payments and taxes are expected to raise almost Tsh 12 billion (US\$13 million) for the economy in the first year alone, with contributions increasing as production at the mine rises.

In addition, the company has upgraded roads, schools and health facilities in the area; developed power and water infrastructure; and has provided direct employment to almost 1,000 people. Indirectly, secondary and tertiary industries will also benefit, including the railways and seaports, through which Kahama Mining will be transporting goods.

Kahama Mining was acquired by Toronto-based Barrick Gold Corporation from Sutton Resources, in March 1999. It was Barrick's first major mine investment outside the Americas, and reflected the company's confidence in Tanzania's stability and the country's progressive mining policies.

During the Inauguration Ceremony, Randall Oliphant, Barrick Gold's President & Chief Executive Officer said, "When we came to look at Africa for mining investment, our destination of choice was Tanzania. Why? Because Tanzania has become a role model for Africa and the world in terms of creating progressive economic, investment and legal climate for mining companies." Mr. Oliphant expressed his personal thanks to His Excellency the President and government for their crucial contributions to the mine's success.

In the two years that have passed since Barrick acquired Kahama Mining, Bulyanhulu has become one of the most sophisticated and environmentally responsible operations in the world. The company now employs 900 people across the breadth of skills that are required to manage a mine of this scale.

Gold reserves at Bulyanhulu have tripled to 10 million ounces since 1999 through intensive exploration, and the mine sits on an ore body now proven to extend 2km below the surface.

A total of Tsh 252 billion (US\$280million) has been invested in construction, underground development, training and social infrastructure, which culminated in production of the first gold bar on schedule, in April this year.

Gold output is forecast to grow from 263,000 ounces in 2001 to 400,000 ounces a year by 2003. With a Phase 2 expansion programme planned, it is anticipated that 500,000 ounces and possibly more will be produced annually, as time goes on.

At the Inauguration, Roy Meade, Kahama Mining's General Manager said that the mine had opened on budget and ahead of schedule because of the combined efforts and enthusiasm of Kahama Mining's many stakeholders, including national and local government, financial investors, the district communities and the company's employees.

"The results of this team work have already, and will continue, to bring social and economic benefits for many thousands of people living in Tanzania," he said.

An example of this has been in training investment. Because Bulyanhulu is Tanzania's first large underground gold mine, some of the specific skills required for underground mining operations did not exist in the country before the mine's construction started. Since then, almost Tsh 5.5 billion has been spent on training, and now many of the trainee miners have become highly skilled operators, an achievement that is reflected in Bulyanhulu's excellent performance results.

Outside the mine, an intensive programme of community and social development is underway, in collaboration with the local authority and specialist NGOs. Housing, health care, education, small business development, water supplies, and power provision are all part of a long-term co-operation between Kahama Mining and the local communities, with the aim of benefiting tens of thousands of people living in the region.

Mr. Oliphant said, "People might ask what does mining have to do with investments in medical facilities, schools and so forth? My answer is – everything. Because any mine operation is only as strong as the communities that surround and sustain it. After all, communities are the places where our employees live, rest and raise their families."

Kahama Mining describes Bulyanhulu as a model of operating excellence, and corporate and environmental responsibility. On this basis, the business is set to play a vital role in Tanzania's vibrant mining industry, and make its own significant contributions to the country's economic development.

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