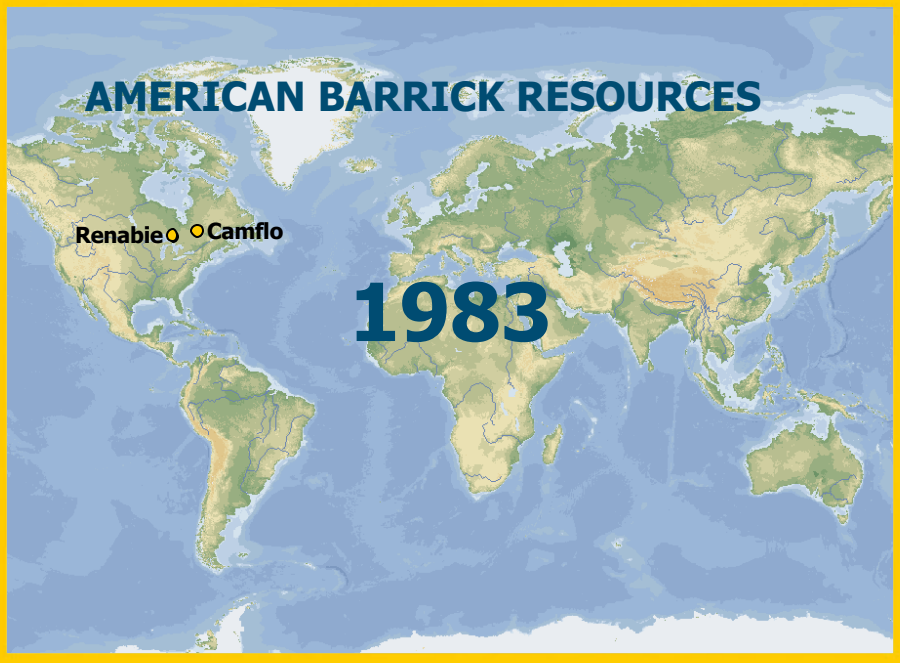
BARRICK

# 20 YEARS OUT:
# Observations on the Gold Industry

Alan R. Hill
Executive Vice President, Development




BARRICK GOLD CORPORATION
Eskay Creek
Hemlo
Goldstrike
Round Mt.
2003
Alto Chicama
Pierina
Bulyanhulu
Pascua-Lama
Veladero
Yilgarn
Kalgoorlie
Cowal


BARRICK GOLD CORPORATION
Goldstrike
Betze-Post
Meikle
8 YEARS + 2 MILLION OUNCES

## 20-YEAR SPOT GOLD PRICES




BARRICK 20 YEARS OUT: Observations on the Gold Industry

## 20-YEAR SPOT GOLD PRICES



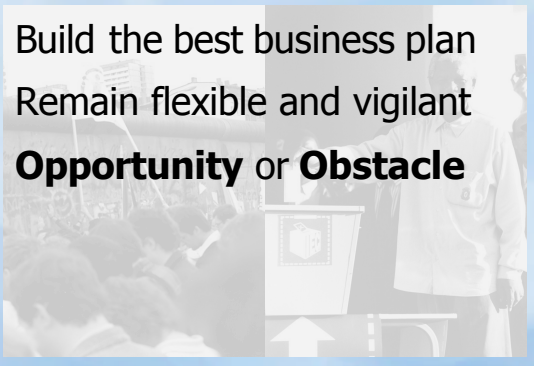

BARRICK 20 YEARS OUT: Observations on the Gold Industry

## GLOBAL POLITICAL SHIFTS

Build the best business plan

Remain flexible and vigilant

**Opportunity** or **Obstacle**





## GLOBAL GOLD MINING INDUSTRY

**DECLINING PRODUCTION**

**NEW MINE DISCOVERIES**

## LONGER PERMITTING PROCESSES

- Open pit permitting and construction

| 2003 | 2004 | 2005 | 2006 | 2007 |
|---|---|---|---|---|

- Underground permitting and construction

| 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|

BARRICK 20 YEARS OUT: Observations on the Gold Industry

## GLOBAL GOLD MINING INDUSTRY




BARRICK 20 YEARS OUT: Observations on the Gold Industry

## BARRICK DEVELOPMENT PROJECTS

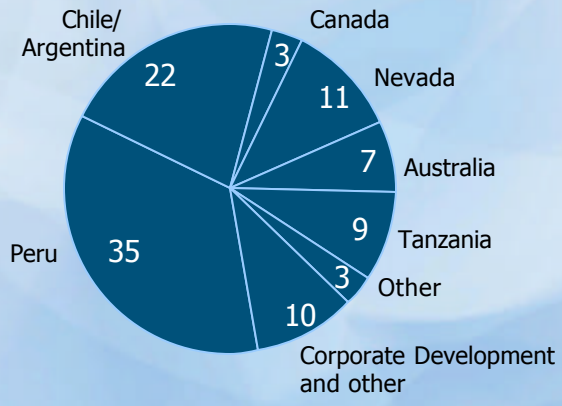
- Cowal Project, Australia
  - Acquired with EIS in place
- Veladero Project, Argentina
  - Exploitation agreement signed
  - Road construction mobilized
- Alto Chicama Project, Peru
  - Working on permitting and EIS





## 2002 BUDGET $100M BY REGION

(millions of dollars)






## EXPLORATION PROGRAM METRICS

- Cost of Discovery

$12.00/oz.

- Cost of Replenishment

$3.00/oz.

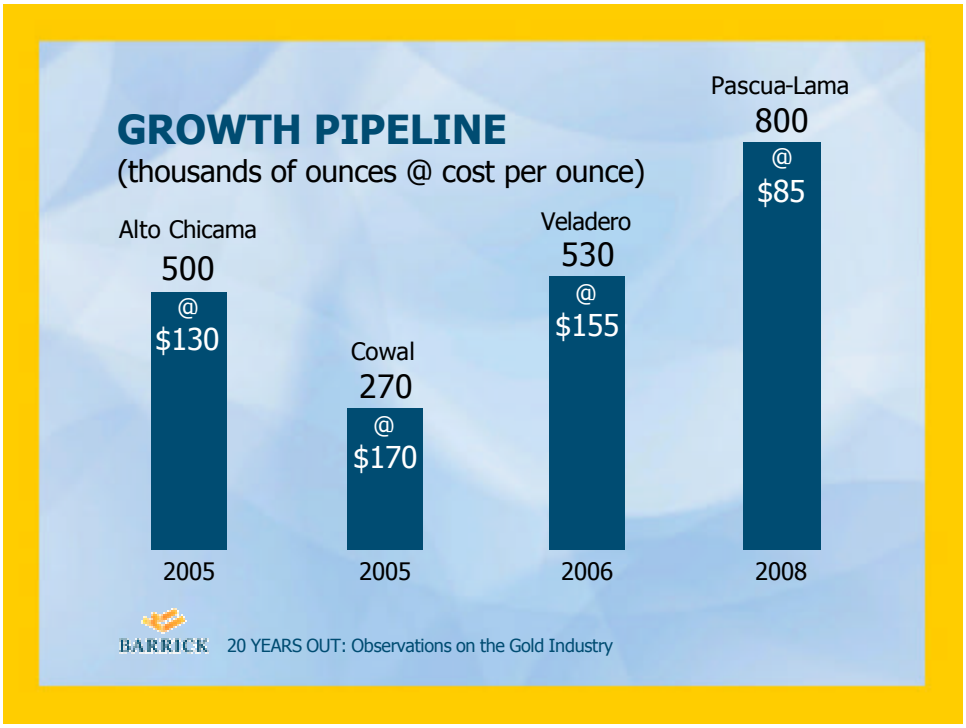
## RISING GOLD PRICE ENVIRONMENT

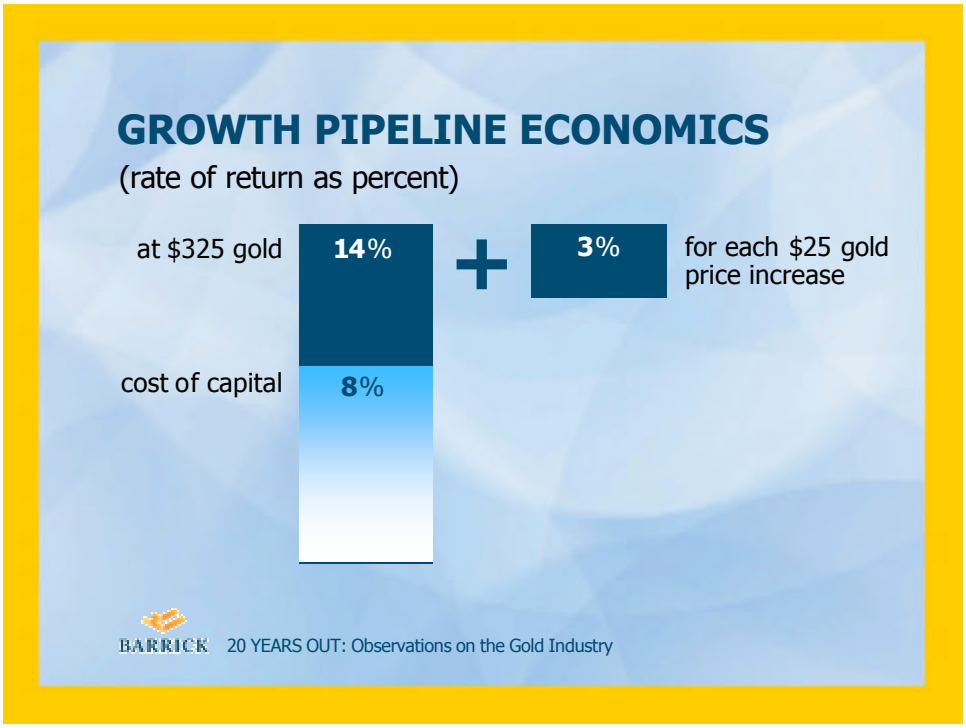
- Development projects and mine production which are marginal
  - Higher-cost properties
  - Earnings below cost-of-capital
- $350 gold required to sustain exploration and yield the best new discoveries









GROWTH PIPELINE
(thousands of ounces @ cost per ounce)
Alto Chicama
500
@
$130
2005
Cowal
270
@
$170
2005
Veladero
530
@
$155
2006
Pascua-Lama
800
@
$85
2008
BARRICK
20 YEARS OUT: Observations on the Gold Industry


GROWTH PIPELINE ECONOMICS
(rate of return as percent)
at $325 gold
14%
cost of capital
8%
+
3%
for each $25 gold price increase
BARRICK
20 YEARS OUT: Observations on the Gold Industry


GLOBAL GOLD MINING INDUSTRY
TECHNOLOGY ADVANCES
NEW MINE EXPLORATION
DECLINING PRODUCTION
BARRICK
20 YEARS OUT: Observations on the Gold Industry


GLOBAL GOLD MINING INDUSTRY
RISING SPOT GOLD PRICES
TECHNOLOGY ADVANCES
NEW MINE EXPLORATION
RISING GOLD PRODUCTION
BARRICK
20 YEARS OUT: Observations on the Gold Industry

## GLOBAL GOLD MINING INDUSTRY

- Requires right market conditions
- Governmental cooperation in permitting
  - Impacts all stakeholders
- Build trust as an industry
  - Practice social responsibility
  - Become a "force for good"



## BARRICK'S FOUNDING PRINCIPLE

- "**North American Alternative**"
  - Safe haven for nervous investors
  - Positive social impact
  - Progressive social values
- Mining is a frontier business

## GOLDSTRIKE AND ELKO, NEVADA






## PIERINA AND HUARAZ, PERU



## PIERINA AND HUARAZ, PERU





## BULYANHULU AND TANZANIA



## PIERINA AND HUARAZ, PERU



BARRICK 20 YEARS OUT: Observations on the Gold Industry

## GOLD MINING INDUSTRY OUTLOOK



## GOLD MINING INDUSTRY OUTLOOK

**Our future depends on:**

- Which investments we make
- What exploration we undertake
- Which projects we develop



## GOLD MINING INDUSTRY OUTLOOK

**Governments must:**

- Rationalize regulatory processes to incentivize mining investment
  - Growth in GDP
  - Employment and training
  - Social progress
  - Economic prosperity

## FORWARD LOOKING STATEMENT

Certain statements included herein regarding realized gold prices, gold lease rates and contango constitute "forward looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. Such Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Barrick or of the gold mining industry to be materially different from future results, performance of achievements expressed or implied by those forward looking statements. Barrick is subject to the effects of changes in the worldwide price of gold and the risks involved in mining operations. These factors are discussed in greater detail in Barrick's most recent Annual Information Form and Management's Discussion and Analysis on file with the U.S. Securities and Exchange Commission and Canadian provincial securities regulatory authorities.