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SPEECH

BMO Nesbitt Burns 2003 Global Resources Conference

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Date: February 25, 2003

On behalf of everyone at Barrick, I want to thank you all for this opportunity to sketch out where we are and where we're going -- both in 2003, and beyond.

As you know, earlier this month we had a change in leadership, with Greg Wilkins coming over from our Board to take the position of CEO. It's too early to frame out Greg's priorities and policies – he'll be doing that himself after a careful and comprehensive review -- but there's absolutely no question about his goal: To reestablish Barrick as the gold industry's premier company.

My goal this morning is to give you a sense of the base we're building on – financially, operationally, and in terms of exploration and development.

We've just come through our year-end reporting, so as a snapshot of how we came through 2002, let me start with operations. We had some operational difficulties in 2002, but we're working through them and we finished the year strongly. All told, production for the year came in at 5.7 million ounces, while cash costs were $177 per ounce -- marginally better than our September forecast.

Looking out across 2003, we expect to produce between 5.4 and 5.5 million ounces at $180 to $190 per ounce. The lower production, compared to 2002, reflects the closure of five mines due to depletion of reserves over the course of 2002. The higher cash costs largely relate to planned lower grades for the year and from higher royalties and mining taxes from increases in the gold price.

But what those top-line numbers don't show is the continuing strength of our core operations. In fact, while our production has been declining since 2001, our core operations will actually produce more gold in 2003 then at any point over the last several years. That's a strong sign of the solid base we're building on as we move into the most active development phase in Barrick's history.

Of course we all know to succeed in this business you've got to replace what you mine each year -- and then some. On that score, we're pleased with the progress we made in 2002 replacing 60 percent of our operating mine production and adding ounces at our new projects.

We saw strong reserve additions at Alto Chicama and Veladero in South America -- as well as net reserve additions from our Australian operations, plus a good year at Goldstrike: All told, we found 11 million ounces and, net of production, reserves increased by 5 million ounces in 2002, to a total of 86.9 million ounces… And we have every intention of building on our reserve base in 2003.

As for earnings, we finished the year strongly, reporting fourth quarter earnings of $54 million. Operating cash flow increased to $195 million. Our fourth quarter results reflect lower cash costs and the continued realization of the benefits of higher spot gold prices, along with a net income tax recovery recorded in the fourth quarter.

Overall for the year, we earned $193 million (36 cents per share) and operating cash flow totaled $589 million. The Company generated $361 million in free cash flow – that's operating cash flow less investment activities: The highest in Barrick's history.

But I want to point out that, with our new emphasis on exploration – more on that in a moment – earnings can sometimes be a misleading yardstick of a Company's long-term prospects.

Under US GAAP, for instance, every exploration success pushes our earnings lower, creating what we call an "earnings penalty." In other words, if we hadn't discovered Alto Chicama or had capitalized Veladero during 2002, our earnings would have been about $240 million. In each case, clearly, those two projects are key to our long-term success, even if their near-term earnings impact scores out as negative.

We made real progress in 2002 making our hedge book smaller and simpler. During the fourth quarter alone, we worked our book down by a further 1 million ounces, ending the year with 15.9 million ounces of spot deferred contracts -- just 18 percent of our reserves.

In total, between our spot deferred and variable price sales contracts, we reduced our hedge book by 25 percent last year -- a total of 6 million ounces -- while still generating $168 million in additional revenue above the spot price.

We'll continue to use every opportunity to bring our book down – balanced by the fact that we want to use our flexibility to our advantage in a rising price environment. In fact, for the first time in 15 years, through January we deferred our contracts -- an option built into our hedge contracts -- to sell 100 percent of our production at the spot price, which averaged about $360 per ounce.

There are plenty of macroeconomic factors driving the gold price higher: Supply and demand, the soft U.S. dollar, weak equities markets, the potential for global reflation, and the fact that just about all commodities -- and gold right along with them -- are trending up.

All of these macroeconomic factors are why we see the fundamentals for gold remaining strong, and why Barrick -- with about 80 percent of our reserves unhedged -- is poised to benefit significantly from a rising gold price.

But for me, the big story in 2002 was the progress we made on the exploration and development fronts, particularly the 4 new mines we plan to bring on-line over the next 5 years.

But before I turn to our development pipeline, I want to focus on the exploration program that feeds it. Historically for Barrick, exploration hasn't been the place we made our name. That's changing now. Over the past half dozen years, there's been a sea of change in the exploration arena. As a result of a prolonged period of sub-$300 gold, exploration funding largely dried up and the stock feed of new discoveries slowed down.

Along the way, we've plucked the low-hanging fruit – making new discoveries more difficult to find and more expensive to produce. And many of the juniors that historically had been active on the exploration front were pushed to the sidelines.

Well, as the juniors stepped back, Barrick stepped up: Expanding our exploration effort in those areas where we have existing mines, with a $104 million exploration and business development effort in 2002, and another $100 million investment on tap for 2003.

We jump started our grassroots exploration efforts a few years ago, but we have always maintained a policy of continuing exploration after an acquisition. We have built and we are continuing to refine a pipeline of high quality projects that will give us new mines consistently into the future.

For instance in 1999, we acquired Sutton resources and Bulyanhulu and went into production there in 2001. This past year we produced over 356,000 ounces there, and Bulyanhulu is just hitting its stride and coming into its own now.

Tanzania was underexplored when we acquired Bulyanhulu, so we immediately started a program of ground acquisition. At one time we had a land position of over 8000 square kilometres. We have now reduced that to about 2000 square kilometres of highly prospective ground.

Our first-pass work has discovered numerous gold showings with extensive geochemical and geophysical anomalies. To mention just the most significant properties, we're talking about Kirondatal, Bulyanhulu South and some projects on the Geita Belt.

Moving from Africa to Australia, Homestake had focused its exploration efforts right around their mines. When we took over, we changed the focus to new grassroots efforts in the Tanami and in other under-explored parts of Australia. Likewise in Chile and Argentina – our focus had always been the El Indio Belt and the Pascua-Lama-Veladero area, where we have over 26 million ounces of gold.

While the Development guys are building those projects, we have shifted our exploration efforts to Patagonia in Argentina and northern Chile to look for higher grade, low-sulphidation deposits.

But the most tangible result of the grassroots effort we undertook in South America beginning in 1997-1998 is clearly the discovery of Alto Chicama in Peru that we announced last April.

At Alto Chicama, we're looking at a resource we're estimating at 9.5 million ounces, of which we've already added 6.5 million ounces to reserves -- and drilling continues. We have acquired a land position of over 1200 square kilometres in the Alto Chicama area, and we're actively looking for more Altos to come.

In terms of development – Alto is just one of four new projects in our pipeline I mentioned a moment ago, a pipeline we project will bring us 2 million new ounces a year at an average cost per ounce of $125 for the first decade, commencing in 2005. Let me briefly walk you through the numbers we're projecting, mine by mine.

Alto Chicama's share of that 2 million per year is 500,000 ounces, at an average $130 per ounce. Beyond Alto, Barrick's 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 Alto and Cowal, we've got Veladero in Argentina, on track for a 2006 start, projected to produce 530,000 ounces per year at $155 per ounce.
- From Veladero, we'll move 7 kilometers north 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 for the first decade.

All told, for these four projects, we're looking at a rate of return of 14% at $325 gold – rising to 17% at $350 an ounce: In either case, well above our cost of capital of 8%.

Our goal now is to continue to move each of these projects along the development pipeline and we're already well on our way. At Cowal, for instance, we acquired a property with its EIS already in place. We've got some native title issues to resolve, but we're attending to them, and if past is prologue, we'll work them out.

Last month at Veladero, we signed our exploitation agreement with IPEEM. At Alto Chicama, we're working with local committees and federal authorities to get all our permits in place.

We know we need to work with the governments and the communities where we operate. And we know something more: We need to encourage a positive attitude towards us, by investing in socially responsible business practices that build not just new mines, but a deep reservoir of social trust.

At Barrick, this is an old idea – one that goes back to the model Peter Munk had in mind at Barrick's very beginning. We've built schools, homes and hospitals and improved the infrastructure everywhere we've built mines -- from Elko City, Nevada to the highlands of Peru to the villages of Tanzania.

All the elements of a solid, sustainable community life: That's the role we're playing and it is the role modern mining companies must play everywhere we extract an ounce.

I know I've covered a lot of ground here this morning. But if you take Barrick's commitment to build trust as our base and add the strengths we bring to the challenge at hand:

- A strong balance sheet.
- A growing reserve base.
- Better organic growth prospects than we've had in a decade – building on a proven portfolio of long-life, low-cost operating mines…

…You have a sense of why I am so confident today of where Barrick is heading in 2003 and beyond.

Thank you.

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