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SPEECH

Paydirt's Gold Conference
By: Greg Lang
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On behalf of everyone at Barrick, I want to thank you all for this opportunity. What I would like to do this afternoon is to sketch out where we are – and where we're going -- both in 2003, and beyond.

As you know, last 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 of Barrick's assets and operations -- but there's absolutely no question about his goal: To re-establish Barrick as the gold industry's premier company.

My goal this afternoon is to give you a sense of the base we're building on – financially, operationally, and in terms of exploration and development. I'd like to start with a snapshot of our 2002 year-end report. Let me begin with operations.

The operational difficulties experienced in the 3rd quarter of 2002 are now behind us. We worked through them and 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.

In Australia Barrick owns and operates the Plutonic, Darlot and Lawlers mines, and owns 50% of the KCGM managed Super Pit at Kalgoorlie. Together these operations contributed 16% of the company's total production at a cost of $196 per ounce.

Looking out across 2003, we expect to produce 5.5 million ounces at $180 to $190 per ounce. This lower production, compared to 2002, reflects the closure of five mines over the course of last year. The higher cash costs largely relate to planned lower grades for 2003 and from higher royalties and mining taxes due to an increasing 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 than 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. We all know that 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 of reserves. Net of production, reserves increased by 5 million ounces in 2002, to a total of almost 87 million ounces. In fact our Yilgarn mines are an excellent illustration of our on-going success in more than replacing production at our operations. When we acquired them, the total combined reserves were 2.4 million ounces. Since then these mines have produced 2.5 million ounces and we have defined an additional 4.4 million ounces so the 2.4 million ounces has grown now to 6.8 million and throughout the Company 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. Overall for the year we earned $193 million, or 36 cents per share, and operating cash flow totaled $589 million. And on what we believe to be a critical measure of corporate health, the Company generated $361 million in free cash flow – that's operating cash flow less investment activities and capital expenditures: the highest in Barrick's history.

But I want to point out that, with our new emphasis on exploration -- and I will give you more on that in a moment – earnings can sometimes be a misleading yardstick of a Company's long-term prospects. Under US GAAP reporting, every dollar spent up to and including completion of the feasibility study must be expensed. As a result, every exploration success pushes our earnings lower, creating what we call an "earnings penalty".

If we hadn't discovered Alto Chicama, or had capitalized Veladero during 2002, our earnings would have been significantly higher. 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 did make real progress in 2002 in making our hedge book smaller and simpler. 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.

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.

Even so, our book is too big. We'll continue to use every opportunity to bring our book down – balanced by the fact that we want to use the flexibility of our spot deferred contracts to our advantage in a rising price environment. In fact, for the first time in 15 years, through January and February 2003, we deferred our contracts, an option built into our hedge program, to sell 100 percent of our production at the spot price, which averaged about $360 per ounce. Let me reiterate – our goal is to manage the hedge book down.

There are plenty of macroeconomic factors driving the gold price higher, which is 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 Barrick, the big story in 2002 was the progress we made on the exploration and development fronts – particularly our Alto Chicama discovery, one of 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 changed now. Over the past half dozen years, there's been a sea-change in the exploration arena. During a prolonged period of low gold prices, exploration funding largely dried up and the feed of new discoveries slowed down, making new deposits more difficult to find. And many of the juniors that historically had been active on the exploration front were pushed to the sidelines because there was just no money to be raised. 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 also jump started our grassroots exploration efforts a few years ago, but we have always maintained a policy of continuing exploration after an acquisition and I will give you a couple of examples of that later. We have built and we are continuing to refine a pipeline of high quality exploration and development projects that will give us new mines consistently and predictably into the future. For instance in 1999, we acquired Sutton Resources and went into production at Bulyanhulu in 2001. We bought 3.5 million ounces and have found 8.5 more, so far, to go into production with 12 million ounces.

Bulyanhulu produced over 356,000 ounces in 2002, and is just hitting its stride and coming into its own now.

Tanzania was underexplored when we acquired Bulyanhulu and we immediately started a program of ground acquisition. From a one-time high of over 8000 square kilometres, we have now reduced our land position to about 2000 square kilometres of highly prospective ground in the Lake Victoria Greenstone Belt.

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 very successfully focused its exploration efforts right around the operating mines. Since we took over, we have 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. Of that 26 million we bought 1.5 million ounces in the Lac deal and then we bought 5 million ounces in the Homestake deal. We found the rest.

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 already have 6.5 million ounces in reserves within a resource of 9.5 million ounces -- 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 fact we will be drilling 12,000 metres in the next few months alone.

And in terms of development – Alto Chicama is just one of four new projects in our pipeline that 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 beginning in 2005. 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 and we are working hard to move that up, we're looking at annual production of 800,000 ounces -- at a cost of $85 per ounce.

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. Our goal now is to continue to move each of these projects along the development pipeline – and we're already well on our way.

Last month at Veladero, we signed our exploitation agreement with the government. At Alto Chicama, we're working with local committees and federal authorities to get all our permits in place. At Cowal, we acquired a property with its EIS completed and Development Consent already in place. We are now full steam ahead towards commencing construction in the second half of the year. We currently have over 100 people on site including drill contractors operating 11 rigs around the clock. This drilling has contributed to upgrading of the reserve status, and is providing valuable geotechnical, hydrological and metallurgical input to completing an updated optimization plan. Native Title negotiations are well advanced, and we are also preparing a range of management plans to satisfy certain conditions of the Development Consent that was granted in 1999. We have found that the key to success in developing projects -- in Peru, Argentina, Australia or anywhere else -- is to be up front with as much information as possible as early as possible.

We 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.

This is not a new idea. At Barrick, it is 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, Nevada to the highlands of Peru, to the villages of Tanzania.
We're creating all the elements of a solid, sustainable community life: That's the role we're playing – and will play everywhere we extract an ounce of gold.

In summary, 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, and
- Better organic growth prospects than we've had in a decade,

all 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 --and now I'd be happy to take your questions.

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