

# BARRICK GOLD CORP

## FORM 6-K (Report of Foreign Issuer)

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**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, DC 20549**

**Form 6-K**

**Report of Foreign Private Issuer**  
**Pursuant to Rule 13a-16 or 15d-16 of**  
**the Securities Exchange Act of 1934**

For the month of: March, 2006

Commission File Number: 1-9059

**BARRICK GOLD CORPORATION**

(Name of Registrant)

**BCE Place, Canada Trust Tower**  
**Suite 3700**  
**161 Bay Street, P.O. Box 212**  
**Toronto, Ontario**  
**Canada M5J 2S1**

(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F ☐

Form 40-F ☒

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): \_\_\_\_\_

Indicate by check mark if the registrant is submitting the form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_\_

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes ☐

No ☒

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

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### **INCORPORATION BY REFERENCE**

The Registrant's Management's Discussion and Analysis of Financial and Operating Results and Comparative Financial Statements for the year ended December 31, 2005 and the notes thereto prepared in accordance with U.S. generally accepted accounting principles contained on pages 29 to 124 of Exhibit 1 of this Form 6-K (Commission File No. 1-9059) furnished to the Commission on March 31, 2006, the Registrant's Management Information Circular and Proxy Statement, other than the sections entitled "Report on Executive Compensation" and "Performance Graph", dated March 24, 2006 and included as Exhibit 2 of this Form 6-K (Commission File No. 1-9059) furnished to the Commission on March 31, 2006 and the consent of PricewaterhouseCoopers LLP included as Exhibit 3 of this Form 6-K (Commission File No. 1-9059) furnished to the Commission on March 31, 2006 are incorporated by reference into the Registrant's registration statement on Form F-3 (No. 333-14148) and the Consent of PricewaterhouseCoopers LLP included as Exhibit 3 of this Form 6-K (Commission File No. 1-9059) furnished to the Commission on March 31, 2006 is also incorporated by reference as an exhibit to the Registrant's registration statements on Form F-9 (Nos. 333-120133 and 333-106592) and in the registration statements on Form F-9 of Barrick Gold Finance Company (No. 333-120133-01) and Barrick Gold Inc. (Nos. 333-120133-02 and 333-106592-01).

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## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### **BARRICK GOLD CORPORATION**

Date: March 31, 2006

By: /s/ Sybil E. Veenman

Name: Sybil E. Veenman

Title: Vice President, Assistant General  
Counsel and Secretary

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## EXHIBIT

Exhibit	Description of Exhibit
99.1	Barrick Gold Corporation's 2005 Annual Report to Shareholders
99.2	Barrick Gold Corporation's Management Information Circular and Proxy Statement dated March 24, 2006 (including Letter to Shareholders and Notice of Annual Meeting)
99.3	Consent of PricewaterhouseCoopers LLP



Delivering Value from

# Assets People Projects

Annual Report 2005





Barrick's vision is to be the world's best gold mining company by finding, acquiring, developing, and producing quality reserves in a profitable and socially responsible manner.

It has quality assets, an unrivalled pipeline of projects and more than 20,000 dedicated employees working on five continents to deliver value.

In 2006, the Company will start to realize the opportunities that are available as a result of its new strength, breadth and scale.

Barrick shares are traded on the Toronto, New York, London, Euronext-Paris and Swiss stock exchanges.

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# Financial Highlights

(US\$ millions, except per share data)  
(US GAAP basis)

	2005	2004	2003
Gold sales	\$ 2,350	\$ 1,932	\$ 2,035
Net income for the year	401	248	200
Operating cash flow	726	509	519
Cash and equivalents	1,037	1,398	970
Shareholders' equity	3,850	3,574	3,481
Net income per share (diluted)	0.75	0.46	0.37
Operating cash flow per share	1.35	0.95	0.97
Dividends per share	0.22	0.22	0.22
<b>Operating Highlights</b>			
Gold production (thousands of ounces)	5,460	4,958	5,510
Average realized gold price per ounce	\$ 439	\$ 391	\$ 366
Total cash costs per ounce <sup>1</sup>	\$ 227	\$ 214	\$ 189
Total production costs per ounce	\$ 303	\$ 300	\$ 279
Gold reserves: proven and probable (thousands of ounces) <sup>2</sup>	88,591	89,056	85,952

1. See page 44 for a discussion of total cash costs performance measures.

2. For the remainder of this report — for a breakdown of reserves and resources by category in respect of each of Barrick's mines and development projects, see page 126.

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## Letter to Shareholders



**Peter Munk**, Chairman (left)

**Gregory C. Wilkins**, President and Chief Executive Officer

The Company now deals from strength. Going forward, it will enjoy the advantages of scale that are critical for continuing, long-term success in our industry.

### **Dear Shareholders,**

2005 was a transformative year for our Company. We brought three new mines into production, met or exceeded our financial and other targets in almost every area of our business, and launched a successful bid to acquire Placer Dome Inc.

As a result, Barrick now holds a preeminent position within the gold mining industry. We are one of the very few with the strength, breadth and scale to handle the challenges facing our sector, and seize its equally significant opportunities.

The Company now deals from strength. Going forward, it will enjoy the advantages of scale that are critical for continuing, long-term success in our industry. We will discuss the transaction and its value to shareholders at greater length later in this letter, but first want to take this opportunity to welcome our new shareholders. The entire Barrick team respects the skills of Placer Dome employees, and looks forward to working with them in this great new venture. Together, we are building a much stronger enterprise that will create value for shareholders, employees, and the communities in which we live and work.

While the acquisition was certainly the biggest news of 2005, it does not exist in isolation. It was made possible by the success of the comprehensive business plan that we initiated in 2003. We have been methodically implementing it ever since, with a single overriding objective: to create value for shareholders. Indeed, Barrick shares outperformed the Philadelphia Gold and Silver Sector Index from 2003 until we launched our bid for Placer Dome. We expect that they will provide superior value once again, as we deliver on the strategic rationale of the acquisition.

In following our business plan, we reorganized Barrick into the decentralized regional business

units that now serve our expanding global activities so well, and we made a Company-wide commitment to leadership, urgent action, accountability, and results. We developed cost-mitigation strategies to address industry-wide pressures, and we laid out an aggressive schedule for bringing into production six new mines between 2005 and 2009.

Three of those new mines came into production in 2005, and a fourth project, Cowal, continued to advance. Collectively, they came within 5% of our overall \$1.2 billion development budget, discussed in the 2004 Letter to Shareholders. The new mines helped drive rising production and profitability during the year, just as we anticipated in last year's annual report.

We posted excellent financial results in 2005, and our production and cash costs were in line with our original guidance, in a difficult cost environment. We further strengthened our management team during the year, and we maintained our strong commitment to responsible mining through our health and safety, environmental, and community development programs.

With this strong year behind us, we are confident that we will complete the integration of Placer Dome quickly and effectively, and begin realizing the synergies and potential of this powerful new company.

### **Gold Price, Industry Issues... and the Barrick Strategy**

We are now shaping Barrick to ensure we remain an industry leader. Gold prices and the outlook for gold are both strong, yet the industry continues to face very significant challenges. We will continue to address those challenges and improve our competitive position, while reaping gold-price benefits.

Gold had an excellent year in 2005, with highs that had not been seen since 1981. The rally, which began in 2001 and was originally driven by a declining US dollar, is now widely considered to be based on fundamentals. Global investment demand more than doubled in 2005; the combined gold holdings of all gold ETFs (Exchange Traded Funds) rose by 115%; and some central banks have suggested that they may add to reserves.

Against this backdrop of growing demand, supply is flat. The industry's overall lack of investment in exploration and development, between 1998 and 2003, is now being felt. There are few new major discoveries, and mine production rose by a modest 1% in 2005.

All of this is bullish for the gold price, but it comes at a time of challenges for the industry. Attractive deposits are in increasingly remote locations; permitting and review is more rigorous and time-consuming; capital and operating costs are higher; social responsibility standards, rightly, continue to rise; and the expertise needed to produce gold is at a greater premium than ever before.

Few companies will be able to benefit from today's opportunities, because few have the track record and strength to handle this array of challenges. Barrick is one of the few.

We have consistently maintained our investment in exploration and development, and have the new mines and pipeline of development projects to show for it. We have the expertise, financial strength and corporate good citizenship to meet the technical, regulatory, environmental, and community requirements now associated with producing gold — profitably, and responsibly. All this places us in a very strong competitive position.

### **Delivering Value in 2005**

In 2005, net income increased 62% to \$401 million and cash flow from operations rose 43% to \$726 million.

Profits increased, as production rose from 1.1 million ounces in the first quarter to 1.65 million ounces by year-end. The new generation of mines drove these increases, and can be expected to

continue with their contribution in 2006, the first full year of production for all three.

Barrick was the only senior producer to be in line with its original production and cash cost guidance for 2005. We produced 5.46 million ounces of gold and our total cash cost per ounce for the year was \$227.

We have an unrelenting focus on cost-mitigation. Our currency and commodity hedging programs help us avoid cost pressures in these areas, or greatly reduce their impact.

We also continue to strengthen our continuous improvement and supply chain management programs.

The industry's tire shortage is a good example of the success of our approach. We are increasing the life of our existing tires by as much as 25% and we are using our purchasing power to ensure a more dependable tire supply.

We are finding other innovative ways to manage costs. For example, we commissioned our own electric power facility at Goldstrike, the Western 102 Power Plant, in early November — the first business in Nevada to take advantage of the right to leave the regulated grid.

As a result of these and other initiatives, Barrick remained the lowest-cost senior producer in 2005.

Production increased each quarter throughout the year, to meet our expectations for 2005 and post a 10% increase over 2004.

During 2005, three development projects achieved start-up and became producing mines:

- Tulawaka (Tanzania) in Q1, a small but high-return operation, which builds upon our presence in Tanzania;
- Lagunas Norte (Peru) in Q2, with proven and probable gold reserves of 8.3 million ounces; and
- Veladero (Argentina) in Q4, with proven and probable reserves of 12.6 million ounces of gold, marking the start of production from the highly prospective Frontera District on the Chile/Argentina border.

Our strong financial results for 2005 reflect three key factors: growth in production, due to the contribution made by our three new mines; the rising gold price; and our focus on keeping cash costs low so as to expand our operating margins.

### **The Way Ahead**

The Placer Dome acquisition will deliver value to shareholders from the assets, people and projects of the combined companies. Placer Dome's key assets lie in close proximity to Barrick's, and our collective projects comprise an unrivalled pipeline for growth. The fit is excellent.

We expect the acquisition to be accretive to Net Asset Value, reserves, resources and production per share, and to allow us to capture \$200 million worth of synergies a year, beginning in 2007. Yet the ultimate importance of this transaction, and its value to shareholders, goes beyond those numbers. The power of this combination allows us to deal from strength, in an environment where only the best and the strongest will thrive. We did not acquire Placer Dome to become the largest gold company in the world. We acquired it to ensure that our shareholders and employees will thrive.

Today Barrick can run operations, build and finance projects, manage the supply chain, attract and retain personnel, and in every area execute our work better than before, because of this new depth of talent and resources. We have the scale and strength to address the challenges facing the industry, and capitalize on its opportunities as well.

2005 was truly a landmark year for Barrick. It was the culmination of years of planning and execution, and financial discipline, which positioned us for the great step forward — the acquisition of Placer Dome.

#### **Delivering Value: the Outlook for 2006**

A core priority for 2006 is the effective and timely integration of Placer Dome. We began to implement the integration plan the day after we acquired control of the company. We are approaching this objective with the same rigor and urgency that characterize all key corporate initiatives, such as our development projects. We will focus all our energies on building Barrick, capturing the synergies, and delivering value.

In 2006, we will benefit from the first full year of production for each of the three mines brought on-stream in 2005, and from our new Cowal Mine as well. It will be the seventh mine we have brought into production since 1996. Seven mines in ten years — an unequalled track record. We are also making progress with the East Archimedes project in Nevada, where production is expected to begin in 2007. With the approval of Pascua-Lama by the Chilean authorities, the next milestone for the project is approval in Argentina. With construction expected to begin later this year, Pascua-Lama is targeted to commence production in 2009.

With the acquisition of Placer Dome, we are now applying our depth of exploration and development expertise to the entire combined pipeline of projects, which will drive growth and create value for the Company well into the future.

In summary, 2005 was truly a landmark year for Barrick. It was the culmination of years of planning and execution, and financial discipline, which positioned us for the great step forward — the acquisition of Placer Dome. We wish here to pay tribute to our employees, for all this is truly their achievement.

We also wish to pay tribute to Angus MacNaughton, a valued colleague who joined the Company's Board of Directors in 1986, was Vice-Chairman during a critical growth period, and is now retiring. He has provided wise counsel over the years and will be missed. At the same time, we welcome three former Placer Dome directors to our own Board: Donald J. Carty, John W. Crow and Robert M. Franklin, and another independent director, Brett Harvey. Their knowledge and support will benefit our Company and its combined shareholders and dedicated employees.

On a more personal note, the two of us have been close business associates and colleagues since bringing Barrick into the gold mining business in 1983. From that standing start, we have nurtured Barrick to its current position of strength, scale and industry leadership. Building on fundamental business principles, we will continue to focus on performance for the benefit of all Barrick's stakeholders.



**Peter Munk**  
Chairman



**Gregory C. Wilkins**  
President and Chief  
Executive Officer

# Barrick and Placer Dome

## The Combined Company: Value for Shareholders



Barrick's overriding objective is to create shareholder value — value over time, even as the times change and new opportunities and challenges arise. This objective shapes our corporate culture and organization, our financial approach, the priorities for our operations, our consistent investment in exploration, and our strategy for acquisitions.

We have been assessing various acquisition possibilities, weighing them against our value-creation criteria for the environment in which gold companies must now operate. Placer Dome met those criteria, and we realized the company would be an excellent fit with our own assets, people and projects.

We announced our offer in late October 2005. In late December, we negotiated a final price that allowed us to complete the deal on a friendly basis with the support of Placer Dome's Board of Directors, management and employees. With this acquisition, we have acquired 12 operating mines and three projects, exploration properties all over the world, and a rich pool of talented people. We expect the transaction to be accretive to earnings and cash flow on a per-share basis in 2007 and beyond.

The combined Company is an industry leader, operating with the strength and scale that the times demand. We go forward in this environment with:

- significantly increased reserves, resources and production;
- low-cost production relative to our peer group;
- clusters of operating assets in close proximity to each other, on the world's most prospective gold belts;
- an unrivalled pipeline of projects, to which we can apply our development expertise;
- a world-class team with proven exploration success and project-development expertise; and
- the strongest financial position in the industry.

The quality and geographic fit of the assets, combined with the skills of our people and our decentralized business platform, give us confidence that we will capture an anticipated \$200 million in annual synergies, as of 2007.

### Value from Projects and Project-Development Expertise

Barrick has the industry's best suite of projects and properties through 2009 and beyond — and the skills and financial strength to realize these value-creation opportunities to the full.

The combined assets will mesh in time, as well as geographic proximity, to assure continuing growth. The three acquired projects — Cortez Hills (Nevada), Donlin Creek (Alaska), and Pueblo Viejo (Dominican Republic) — overlap with our existing ones, to extend the pipeline and provide lucrative growth opportunities for Barrick into the future.

All these projects will be managed by one highly skilled and experienced team, in a Company that has brought seven new mines into production in the last ten years. No other gold mining company has this track record of speed, efficiency and success, backed by the industry's strongest balance sheet.

Experience has taught us how to handle the challenges associated with designing, permitting, financing and building projects in today's demanding environment. All these skills are now focused on creating value for shareholders from our larger, longer pipeline of quality projects and the opportunities that it presents.

### **Value from Exploration**

Exploration is one of Barrick's core strengths. We have a track record of consistent exploration, and considerable success. Lagunas Norte, for example, now a producing mine in Peru, was the largest greenfield discovery in the industry in a decade. The result of our exploration program has been a strong, geographically diversified package of quality land positions, which create value through additional reserves, resources and, ultimately, production.

Now we are integrating a complementary suite of exploration properties, focused on the same multi-million-ounce gold districts in Nevada, Frontera (Chile/Argentina), Tanzania and Australia. The combined assets give us a significant position on the most prospective ground in all four regions.

### **Barrick in Nevada:**

- interests in six operating mines;
- interests in two development projects, East Archimedes and Cortez Hills;
- over 34 million ounces of proven and probable gold reserves and almost 10 million ounces of measured and indicated gold resources; and
- strong land positions on the region's three major trends — Carlin, Getchell, and Battle Mountain-Eureka.



Crushing and processing facilities at the Zaldívar open-pit copper mine in Chile, one of the quality assets gained through the Placer Dome acquisition. Zaldívar has 5.9 billion pounds of proven and probable copper reserves and an expected mine life of around 20 years.



### **Barrick in the Frontera District:**

- one operating mine (Veladero) and one development project (Pascua-Lama);
- over 30 million ounces of proven and probable gold reserves and 2 million ounces of measured and indicated gold resources;
- a 3,000-square-kilometer position on this highly prospective district straddling the Chile/Argentina border; and
- a first-class exploration team, which is familiar with the area and combines Barrick and Placer Dome expertise in high-sulphidation and porphyry deposits.

### **Barrick in Tanzania:**

- three mines and two projects;
- nearly 18 million ounces of proven and probable gold reserves and over 3 million ounces of measured and indicated gold resources;
- an extensive suite of quality exploration properties in the highly prospective Lake Victoria Gold Belt; and
- Tanzania's best team of exploration geologists.

### **Barrick in Australia:**

- eight mines, six of them clustered in Western Australia;
- over 14 million ounces of proven and probable gold reserves and 8 million ounces of measured and indicated gold resources;
- commanding land positions in the Kalgoorlie, Laverton, Agnew and southern Yandal gold belts; and
- a strong, well-established team of exploration personnel, positioned to deliver value from all parts of Australasia.

We are combining our skills and our best practices in exploration systems and technology, as well. We are using this strength to prioritize and streamline projects already in the exploration pipeline in order to add ounces more effectively around existing operations and development projects, and to enhance our success in finding new ounces in emerging regions.

We are also combining R&D expertise, which will lead to advances we can apply in underground and open-pit mining, mineral processing, and environmental management.

### **Value from Financial Strength**

Barrick has the financial strength to continually invest in exploration, develop new mines, and run its operations both profitably and responsibly.

With the strongest balance sheet in the industry and access to over \$2 billion in capital resources through existing cash and credit resources, we are able to develop all our projects on the scale and with the timelines they require — and to do so without equity dilution.



The North Mara Mine lies on Tanzania's rich Lake Victoria Gold Belt, which also hosts Bulyanhulu, Tulawaka and Buzwagi.



A view of the ore conveyor at the Kanowna asset, which is located close to the joint-venture Kalgoorlie Mine in Western Australia.



Barrick has the financial strength to continually invest in exploration, develop new mines, and run its operations both profitably and responsibly.

### **Value from Synergies**

We see the opportunities for \$200 million in annual synergies, and we have the business platform and the management capability to capture that value in full as of 2007.

These synergies are anticipated in five key areas: Operations, Exploration, Procurement, General and Administrative (G&A), and Finance and Tax. In Operations, we will optimize and share mining and processing infrastructure in Nevada, Australia and Tanzania; reduce energy costs and inventory levels through joint infrastructure; and implement combined best practices at all locations.

In Exploration, we will consolidate our land positions on the most prospective belts and prioritize our pipeline of exploration projects. In Procurement, we expect to generate significant savings from our improved purchasing power as deployed by our worldwide supply management group. The savings in G&A will come from shared business practices, and the elimination of duplication in offices and overheads in all regions. With Finance and Tax, we will realize jurisdictional tax synergies and enjoy both debt optimization and a lower overall cost of capital.

Finally, in addition to the areas factored into the \$200-million calculation above, we can expect capital synergies. Through the sequential development of our project pipeline, we will be able to transfer development teams, equipment and a comprehensive knowledge base from one project to the next. This pipeline also allows for in-house management of engineering, procurement and contract management (“EPCM”) contracts.



The Placer Dome acquisition strengthens Barrick's Nevada footprint with three new mines (above, Cortez) and a development project.

Barrick has the management capability, enriched by our experience with the Homestake acquisition, to optimize the value of our combined assets, people and projects. We also have the appropriate organizational structure: an existing decentralized platform of Regional Business Units, which allows us to integrate the assets and welcome the people, quickly and well.

### **Value Now**

The increased strength of this powerful combination is already being felt. Throughout the integration period, there has been a parallel emphasis on “business as usual.” Our teams have continued to focus on their exploration, development and production targets, steadily generating value for the Company and its shareholders.

With the completion of the integration process — to be largely accomplished by mid-2006 — our people will fully concentrate on the opportunities we now have the strength and scale to seize.

In addressing our overriding corporate objective — to create shareholder value — Barrick goes forward with greater financial strength, greater depth of talent, and a pre-eminent suite of operating mines, projects, and exploration properties.

## Responsible Mining



Avalanche preparedness (here, Veladero, Argentina) is just one of the range of safety measures at high-altitude operations.

Responsible mining has always been an intrinsic part of this Company's business model, and is a key element of our vision to be the world's best gold company. It involves sharing the benefits of mining with the countries and communities where we work, establishing open dialogue and partnership in those communities, and earning the trust of all those with whom we interact by dealing fairly with them. Our performance record travels before us, creating opportunities to generate shareholder value and sustainable development.

### Safety and Health

At Barrick, we are committed to performing every job in a safe and healthy manner, in order to achieve our safety vision of "every person going home safe and healthy every day." The safety and health of all workers is the top priority at all Barrick operations. Key to the success of Barrick's safety and health commitment is leadership at every level of the organization. Courageous Leadership, a Company-wide safety program launched in 2004, is an example of this commitment. It draws on safety-related best practices, establishes clear roles and responsibilities for all personnel, and holds individuals accountable for their practices. By year-end 2005, Barrick's entire management and supervisory group had received training and trainers were beginning to work with hourly employees and contractors.

### Employee Development

Barrick believes in enabling employees to develop to their full potential. We respect and value each of our employees and observe the fundamental tenets of human rights, safety, and non-discrimination in the workplace. We fairly compensate our employees for their contributions, provide meaningful performance feedback to them, and offer them professional development and training opportunities. Employee involvement in issues affecting the workplace helps improve safety and work conditions, as well as our efficiency and our business overall.

### Community Development

It is a fundamental tenet of Barrick's business strategy to contribute to the sustainable economic and social development of the communities in which we work and live. We share the benefits associated with our mining operations in many different ways, including local hiring, local and regional buying, community infrastructural investment, small business development, and improved education and health services.

Local stakeholder consultation is the cornerstone of Barrick's responsible mining practice. Early in the development of a community/sustainability program, we conduct a socioeconomic assessment, which provides a useful benchmark for our community development efforts. Thereafter, we maintain a dialogue with community leaders and other



Bugarama's new secondary school, built by Barrick, is the first-ever for this Tanzanian ward. Housing for teachers will be added.



Environmental stewardship — here, water sampling at Goldstrike, Nevada — is a priority at every operation, worldwide.

stakeholders, which serves to prioritize these efforts, monitor performance, and adjust the focus of initiatives as appropriate. During 2005, for example, our community/sustainability program in Peru included financial and in-kind support for schools, health initiatives, small business, agricultural irrigation systems, and water, septic and electrification systems —all in partnership with the people, institutions and local authorities of the communities concerned.

### **Partnerships**

Wherever possible, Barrick draws on the skills and expertise of other organizations to complement our own community development programs. In 2005, we continued our relationships with three international non-governmental organizations (NGOs): CARE, Habitat for Humanity, and World Vision. We have also developed strong relationships with Indigenous Peoples, including partnerships with the Tahltan First Nations in British Columbia and the Wiradjuri Condobolin Registered Native Title Claimants Group in Australia. This type of multifaceted collaboration helps ensure that our support and programs are well-targeted and complementary to existing initiatives.

### **United Nations Global Compact**

In 2005, Barrick joined the UN Global Compact, an initiative to promote corporate citizenship by directly involving business in addressing some of the major social and environmental challenges that arise from increasing globalization. The ten principles of the Global Compact are based on internationally recognized norms and conventions in four critical areas: human rights, labor standards, the environment, and anti-corruption. By endorsing the Global Compact, Barrick has made a commitment to incorporate the ten principles into its culture, strategy, and day-to-day operations. It has also committed to report on the key practical actions it takes to support the ten Global Compact principles and their expected outcomes.

### **Environment**

Barrick has a responsibility to protect, reclaim, and where possible enhance the environment on the sites where we operate. We practice conscientious environmental stewardship and diligently apply proven management controls to achieve this goal. In 2005, Barrick became one of the first signatories to the International Cyanide Management Code for the Gold Mining Industry — a voluntary code developed by a multi-stakeholder committee under the auspices of the United Nations Environment Program and the International Council on Metals and the Environment. Signatories commit to follow the principles and implement the standards of practice of the Code, to have their relevant operations undergo a third-party audit and to make public the audit results.

### **Charitable Giving**

Barrick's Heart of Gold Fund is another way we contribute to the communities where we work and live. Barrick's policy is to give one percent of annual pre-tax income to charitable causes. Recipients range from community outreach programs to hospitals and schools, environmental programs, art and cultural events and major research institutions.

## Financial Strategy

“Barrick will continue to improve its financial profile and maintain a conservative financial philosophy as it moves forward with its capital investment program.”

*Moody's Investor's Service (January 2006)*

Barrick continues its long tradition of operating from a strong, prudent financial base. In 2005, the Company:

- brought three new mines on-stream, and advanced a fourth to near-completion, all without issuing any equity to finance them;
- managed cost pressures successfully;
- remained the lowest cash-cost producer of the senior gold mining companies; and
- structured an innovative share and cash transaction for the acquisition of Placer Dome, which included the sale of certain assets to Goldcorp, in order to maximize the resulting synergies.

## Financing

In 2004, we stated that we would execute the industry's most aggressive growth plan without the need to issue additional equity. In 2005 we achieved that objective, bringing three new mines into production and significantly advancing a fourth, which is scheduled to enter production in the first quarter of 2006.

In April, the Company's wholly-owned subsidiary, Minera Barrick Misquichilca S.A., issued \$50 million of bonds in the Peruvian capital markets. The issue, which was at a 28-basis-point discount to Sovereign debt, was one of the highest ever ratings in that country. The money was used to partially fund construction of the new Lagunas Norte Mine in Peru, thereby making Peruvian investors our partners in a project of great importance to their country.

## Cost Control/Cost Management

2005 was another year of challenging cost pressures for the entire mining sector. Many gold producers revised their guidance significantly during the year to reflect the negative impact of these pressures on both production and cash-cost metrics. Barrick, by contrast, did not revise guidance and remained the lowest cash-cost senior gold producer for the year.

This success is due to the range of highly complementary cost-management programs in place. These include currency hedging to mitigate the impact of rising currencies in countries where we operate; hedging of consumables such as fuel costs; supply chain management; and continuous improvement. The collaboration exists across corporate functions and regions, and through the extended enterprise to outside suppliers as well. Individual initiatives reinforce each other and, in combination, create leverage for the Company as a whole.

For example, industry costs in 2005 were affected by stronger currencies in many of the countries where gold is mined. Barrick was less affected than many other companies because 75% of our 2005 costs were denominated in US dollars and we largely eliminated currency exposure on the remaining 25% through our currency hedging program. This allowed us to benefit from higher US-dollar gold prices and thus mitigate the impact on our mining costs of currency appreciation elsewhere.

Continuous improvement (CI) and supply chain management (SCM) are two more important examples of the way interrelated strategies provide cost-mitigation leverage. The CI program helps reduce Company costs by reducing the rate at which materials of all kinds are consumed. Program initiatives focus on improving operational efficiencies, and also on embedding a culture of CI so that improvements are sustained, and later enhanced whenever possible.

While CI addresses consumption of materials, SCM focuses on their cost — total cost, from purchase through the item's life cycle to eventual salvage or safe disposal. The SCM group not only coordinates Company purchase contracts to gain the leverage of scale, it also ensures that each spend category operates at its most cost-effective level.

We will continue to deploy our full range of cost-containment strategies as part of our overall focus on maintaining and, where possible, reducing our costs in equipment, currencies, oil, interest rates and other areas that affect industry profit margins.

### **Gold Sales Contracts**

During the year, we reduced our fixed-price gold sales contracts position by 1.0 million ounces.

The Company remains committed to its policy of reducing existing gold sales contracts. With the acquisition of Placer Dome, we will inherit additional contracts, but will continue to reduce the total number of contracts we hold, increasing Barrick's leverage to the gold price.

We have already begun to reduce these contracts. All of Placer Dome's outstanding call options as well as some of their forward contracts have been eliminated, representing a reduction of approximately 1.5 million ounces. By mid-February 2006, the combined gold sales commitments totaled 18.5 million ounces. Of this, a total of 9.5 million ounces of the hedge position has been allocated to the Pueblo Viejo and Pascua-Lama development projects. The remaining 9.0 million ounces of Corporate gold sales commitments represent 8% of total reserves excluding ounces allocated to development projects.

A more detailed discussion of our corporate gold sales contracts can be found in the Management's Discussion and Analysis ("MD&A") section on page 61.

### **Placer Dome Acquisition**

On October 31, 2005, we announced a bid for all outstanding shares of Placer Dome for a combination of Barrick shares and cash. We increased the bid on December 22 and received the unanimous support of the Board of Directors of Placer Dome.

The strategic rationale and opportunities presented by this transaction are outlined earlier in this report. We will issue additional shares in order to complete the transaction, and in exchange we will receive significant value in the form of Placer Dome operations, assets and development projects. The cash necessary to complete the transaction is to be recouped through our agreement to sell certain assets of Placer Dome to Goldcorp, resulting in no new debt for the combined Company. Barrick remains the most highly rated gold company in the world, with the industry's only A-rated balance sheet (as rated by Standard & Poor's).

In the future as in the past, Barrick will maintain a sound and prudent financial foundation. On this solid base, the Company will run existing operations, fund exploration programs, and advance development projects.



## Barrick Overview

### Building Mines, Delivering Value

It was a year of solid, profitable achievement, capped by the bid for Placer Dome. In 2005, Barrick:

- increased gold production by 10%;
- held total cash costs in line with guidance;
- brought three new mines into production; and
- launched the successful bid to acquire Placer Dome.

Barrick produced 5.46 million ounces of gold in 2005, at total cash costs of \$227 per ounce. This strong production derives from both our existing mines, such as Goldstrike (which produced over 2 million ounces), and the contribution from the Company's new mines, in particular Lagunas Norte in Peru.

Average total cash costs of \$227 per ounce were in line with our original guidance for the year. This achievement, in a year of extreme cost pressure, is a tribute to our cost-mitigation initiatives and supply chain management efforts, which include close attention to operational detail and the procurement of consumables and equipment on the best possible terms, worldwide.

Three new mines entered production in 2005: Tulawaka (Tanzania), Lagunas Norte (Peru) and Veladero (Argentina). We also made excellent progress with our development projects and exploration targets. Cowal (Australia), East Archimedes (Nevada) and Pascua-Lama (Chile/Argentina) remained on schedule for their anticipated start-ups in first quarter 2006, 2007, and 2009, respectively. Exploration targets at both Buzwagi (Tanzania) and South Arturo (Nevada) yielded encouraging results.

In April, Barrick made Russia/Central Asia the Company's newest Regional Business Unit and opened an office there, laying the groundwork for opportunities in this highly prospective part of the world.

Finally, on December 22, 2005, Barrick reached agreement with Placer Dome for a friendly transaction, an achievement that positioned Barrick for its next phase of value creation. Combining the talent and physical assets of these two companies will create an industry powerhouse beginning in 2006.

### Exploration

Barrick has a motivated, discovery-driven team of over 150 geoscientists exploring for gold in over 16 countries around the world. Reserve development and replacement of production is a major priority for all sites. The Company consistently funds its exploration programs throughout all gold cycles, and has a proven track record of finding ounces at both greenfield and brownfield projects.

Exploration is focused on highly gold-endowed districts where Barrick controls large land positions, primarily the Goldstrike and Pipeline districts in Nevada, the Frontera District in Chile/Argentina, and the Lake Victoria District in Tanzania. In addition, the Company is exploring earlier-stage projects in Australia, Canada and West Africa, as well as evaluating exploration opportunities in emerging districts around the world.

Three key factors drive the Company's exploration success: the motivation and technical excellence of its exploration team; the policy of consistently investing



Barrick initiatives result in longer life for existing tires (here, Lagunas Norte, Peru) and a more dependable supply of new ones.





Safety training, procedures and equipment make for safe work on the 100-kilometer power line supplying energy to Lagunas Norte (Peru).

in exploration; and the robust and balanced pipeline of exploration projects. The Company's disciplined exploration strategy maximizes the chance of near-term discovery by putting the best people on the best projects and advancing the best projects more quickly up the exploration pipeline.

### **Outlook for 2006**

Based on our preliminary view of the Placer Dome assets combined with those of Barrick, we expect to produce 8.6 to 8.9 million ounces of gold at total cash costs of between \$275 and \$290 per ounce in 2006.

We also expect to produce approximately 350 million pounds of copper at total cash costs of approximately \$0.75 per pound before the impact of one-time purchase accounting adjustments relating to the Placer Dome acquisition that will add \$0.35 to the costs per pound reported in 2006. This is due to the revaluation of opening inventory at the date of acquisition from historic cost to fair value.

### **2006 Company Performance Plan**

As always, our focus is to deliver shareholder value. We will do this by building the Company and delivering profitable business growth. To succeed in this objective, we will focus our energies in the following five key areas:

#### **Integrate Placer Dome**

- integrate all corporate functions, establish the combined organization
- position Barrick to fully capture synergies as of 2007
- strengthen the management team

#### **Deliver Results**

- meet or outperform budgets for gold production and total cash costs
- further reduce corporate gold sales contracts
- maintain our position as the lowest cash-cost senior gold producer

#### **Reinforce Social Responsibility**

- demonstrate leadership in health and safety
- enhance community development programs
- maintain high standards of environmental performance

#### **Strengthen the Organization**

- further develop leadership capacity, Company-wide
- leverage our size and scale to enhance our competitive position

#### **Grow the Business**

- pursue new exploration opportunities
- advance the pipeline of projects



## Reserves and Resources as of December 31, 2005

With the acquisition of Placer Dome, Barrick's combined proven and probable gold reserves have increased to 139 million ounces and measured and indicated gold resources to 55 million ounces. We also have proven and probable copper reserves of 6.2 billion pounds and measured and indicated copper resources of 1.2 billion pounds.

The following table summarizes Barrick's and Placer Dome's reported gold and copper reserves and resources by region as of December 31, 2005.

	Proven and Probable Reserves		Measured and Indicated Resources	
	Barrick <sup>1</sup>	Placer Dome <sup>2</sup>	Barrick <sup>1</sup>	Placer Dome <sup>2</sup>
Gold (millions of ounces)				
North America	23	22	4	19
South America	41	0	5	0
Australia <sup>3</sup>	11	9	6	4
Africa	14	19	3	14
Total	89	50	18	37
Barrick pro-forma				
	139		55	
	Proven and Probable Reserves		Measured and Indicated Resources	
	Barrick <sup>1</sup>	Placer Dome <sup>2</sup>	Barrick <sup>1</sup>	Placer Dome <sup>2</sup>
Copper (billions of pounds)				
South America		5.9		1.1
Australia		0.3		0.1
Total	0.0	6.2	0.0	1.2
Barrick pro-forma				
	6.2		1.2	

1. Calculated in accordance with National Instrument 43-101 as required by Canadian securities regulatory authorities. For United States reporting purposes, Industry Guide 7 (under the Securities Exchange Act of 1934), as interpreted by the Staff of the SEC, applies different standards in order to classify mineralization as a reserve. Accordingly, for US reporting purposes, Buzwagi is classified as mineralized material. Barrick is currently assessing the resolution issued by Chilean regulatory authorities approving the environmental impact assessment for the Pascua-Lama project. It is possible that upon completion of this assessment, up to 1 million ounces of mineralization at the Pascua-Lama project may be reclassified from reserves to mineralized material for US reporting purposes but will remain as reserves for Canadian reporting purposes. For additional information on reserves see the tables and related footnotes on pages 125-129.
2. For a breakdown of Placer Dome's reserves and resources by category and additional information relating to such reserves and resources, see Placer Dome's press release of February 20, 2006. Such reserves and resources were calculated by employees of Placer Dome in accordance with National Instrument 43-101, as required by Canadian securities regulatory authorities, and in accordance with Placer Dome's previously established policies and procedures, and have not been independently verified by Barrick Gold Corporation. Industry Guide 7 (under the Securities and Exchange Act of 1934), as interpreted by Staff of the SEC, applies different standards to classify mineralization as a reserve. Based on a preliminary review, Barrick does not intend to report mineralization at the Pueblo Viejo project as a reserve for US reporting purposes at this time.
3. Includes Porgera which is located in Papua New Guinea.

## The Regional Platform

### Barrick's Regional Business Units

The Company will integrate its assets and build its future on Barrick's platform of Regional Business Units, implemented in 2004. Barrick reorganized itself into this decentralized structure in order to manage its business more effectively by moving responsibility and decision-making capabilities closer to the operations which they affect.

This model not only provides the necessary decentralization — it strengthens, and depends on, the corporate culture of leadership at every level. Each regional team, led by its own president, has two key responsibilities: to optimize its current assets and to grow the business in that region. The Toronto corporate office continues to set policies and procedures, provide strategic guidance, and direct the Company as a whole. Each region is responsible for all aspects of its business, including strategy/sustainability, and for the management of all aspects of mining operations, including exploration, development/construction, production and closure.

The Company currently has four units: North America, South America, Australia/ Africa (which will be divided into two distinct units in 2006), and Russia/Central Asia. In the first three, which are affected by the integration process now underway, most of the core assets are clustered in close proximity to each other — a factor that will greatly facilitate the speed, efficiency and synergies of the integration.

The next few sections provide a brief overview of the activities that took place in each of the Company's business regions in 2005. A more detailed operational review can be found in the Management's Discussion and Analysis ("MD&A") that begins on page 29.

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# North America

## Highlights

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2 million ounces of gold produced at Goldstrike

- East Archimedes development project on schedule for production starting in 2007;
- The Western 102 Power Plant commissioned in Nevada;
- South Arturo zone discovered at Dee; and
- Mine life extended at Round Mountain through pit expansion.

2.9  
million ounces  
2005 Production

\$ 244  
per ounce  
2005 Total Cash Costs



## Regional Overview

In Nevada, the driving engine of the region, significant steps were taken during the year to contain costs. Goldstrike produced 2 million ounces of gold at total cash costs of \$255 per ounce. The Company also commissioned its own natural-gas-fired electric power generating facility, which is expected to reduce cash costs and improve the reliability of electricity supply over the life of the Goldstrike facilities. The 115-megawatt Western 102 plant, which began operation in early December, had a construction capital cost of \$96 million, and was completed on schedule and on budget. It is one example of Barrick's innovative, effective approach to cost containment. The Company will use the experience gained designing and building this project to explore opportunities to reduce electricity costs at other operations.

A pit expansion was approved at our Round Mountain joint venture with Kinross Gold, which will extend mine life from 2010 to 2015. Barrick's share (50%) of proven and probable gold reserves at Round Mountain increased from 1.5 to 2.3 million ounces after depletion.

Work at the East Archimedes development project continued to proceed smoothly. During the year required permits were received, the mining fleet arrived on site, and pre-strip activities began. This project — an open-pit, heap-leach operation — is on schedule to enter production in mid-2007 and has 1.0 million ounces of proven and probable gold reserves.

## Exploration

In Nevada, exploration was carried out on 35 targets, with most of the activity focused on the Goldstrike Property, and on Rossi, Dee and REN, all on the Carlin Trend. One of the exploration highlights of 2005 was the discovery of the South Arturo zone on the Dee Property where Barrick has a 60% interest. Twenty-eight holes were drilled to test this new target and all holes intersected oxide mineralization. Preliminary metallurgical results are favorable. Follow-up drilling will resume early in 2006 and will include in-fill and extension holes. Deep drilling beneath the North Post resource at Goldstrike intersected a potentially significant new zone. The underground drill program continued in January. In addition, drill programs at Dee and Rossi were successful in upgrading the reserve/resource at Storm, and production is scheduled for late 2006. The Placer Dome acquisition will greatly expand exploration opportunities in Nevada, with new properties on the Battle Mountain-Eureka and the Getchell trends.

## 2006 Opportunities

North America is Barrick's original region of operation and is still the largest, in terms of both production and reserves. Even as our other regions grow their contributions to the Company's bottom line, North America maintains its position as a Barrick powerhouse. In 2006, we will capitalize on the region's strengths in order to seize its opportunities, including those being presented through the acquisition of Placer Dome.



The Western 102 Power Plant, commissioned in early December 2005, is designed to lower energy costs at Goldstrike.

The Placer Dome assets will strengthen our Nevada footprint in particular, and extend our substantial presence on its three great trends: Carlin, Getchell, and Battle Mountain-Eureka. Three of our four new operating mines are located there (Cortez, Turquoise Ridge and Bald Mountain), as well as one new development project (Cortez Hills). The close proximity of these assets to our existing operations will result in a powerful combination of human and physical resources. Highly skilled people are involved from both Barrick and Placer Dome, who already know the terrain and, to a large degree, know each other as well.



A 2005 exploration highlight: the new South Arturo zone, discovered on the Dee Property in Nevada, adjacent to Goldstrike.

# South America

## Highlights

### 550 thousand ounces produced at Lagunas Norte

- Lagunas Norte (Peru) entered production ahead of schedule and produced 550,000 ounces at average total cash costs per ounce of \$110;
- Veladero (Argentina) entered production in fourth quarter and met production targets; and
- Pascua-Lama (Chile/Argentina) continued to advance in 2005 and received Chilean environmental approval in early 2006.

1.2  
million ounces  
2005 Production

\$ 126  
per ounce  
2005 Total Cash Costs



### Regional Overview

In 2005, the earlier exploration and mine-building in this region began to deliver significant growth and value. South America added two new mines, one each in Peru and Argentina, and advanced the sizeable Pascua-Lama development project. The region expanded its community and environmental programs during the year as well, further cementing local trust and respect that in turn facilitate our mining objectives.

Lagunas Norte, in the Alto Chicama District in Peru, began operations in the second quarter. The mine illustrates two core strengths of the Company: its ability to find significant new deposits and its ability to develop them. When discovered in 2002, it was the largest grassroots find in a decade. Within three years, it was an operating mine — completed within its \$340-million budget and ahead of schedule.

The new Veladero mine, in Argentina, began operations in the fourth quarter. This start-up marked our first production from the highly prospective Frontera District straddling the Chile/Argentina border, which is also home to our Pascua-Lama development project. Barrick's land position in this district has over 30 million ounces of proven and probable gold reserves, with approximately 880 million ounces of contained silver.



The Pascua-Lama development project is eight kilometers to the north-west of Veladero, and will benefit from experience gained during the construction phase at Veladero. In early 2006, the Chilean environmental authorities approved the modifications to the project, and the next milestone is expected to be approval of the environmental impact study in Argentina. If permits are obtained for Pascua-Lama in mid-2006, as expected, construction will begin later in the year, with production expected in 2009.

## Exploration

Exploration activity in 2005 was focused on the Frontera District in Chile and Argentina and on the Alto Chicama District in Peru. Frontera is a core district for exploration, with field work resuming mid-2004. Work in 2005 included an integrated program to explore this 3,000-square-kilometer land package that is now under one owner. Drill programs were carried out on three targets close to Pascua/Veladero. Ground surveys delineated and prioritized new targets for drill testing in the first half of 2006 and regional work will continue to define targets for detailed follow-up. Drilling will also be carried out on targets north and south of Pascua/Veladero, which were delineated during the regional field work.

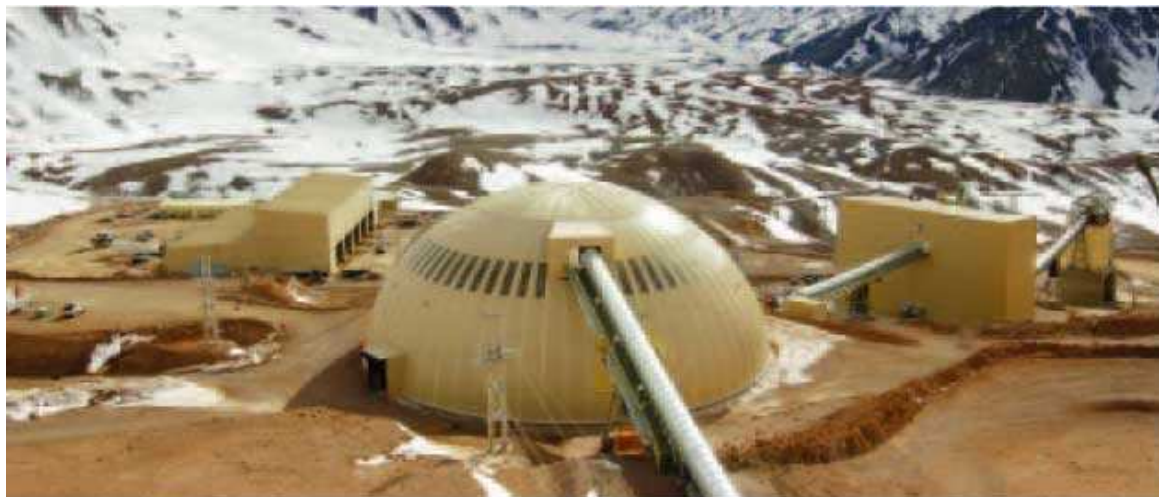


Exploration tests further potential in the Frontera District, which already has over 30 million ounces of proven and probable gold reserves.



Lagunas Norte, Peru, illustrates Barrick's ability to find significant new deposits and develop them quickly. In 2002, it was the largest grassroots discovery in a decade; in 2005 (within budget, ahead of schedule), it became an operating mine.





Infrastructure at Veladero, Argentina (left to right): the truck shop, the covered ore stockpile, the secondary crusher and the loadout bin, where trucks collect crushed ore to haul to the valley-fill leach facility. 2006 will be the mine's first full year of production.

In Peru, targets remain to be tested in the Alto Chicama District, where the regional field work will be completed in 2006.

### 2006 Opportunities

In 2006, the region will make a significantly greater contribution to the Company's financial results, from both existing assets and those gained through the Placer Dome acquisition. For the same reasons, the region has enhanced growth potential.

2006 will be the first full year of operation for Lagunas Norte and Veladero. They are both long-life, low-cost mines, located in prospective gold districts (Alto Chicama and Frontera, respectively). They will contribute significant production for many years to come, and provide an excellent platform for future growth in the region.

Through the acquisition of Placer Dome, the Zaldívar open-pit copper mine in Chile has been added to the region's assets, along with hundreds of skilled, experienced people. Zaldívar is a large, long-life, low-cost copper mine in the north of Chile. It will generate substantial cash flow at current copper prices.



Preparing blast holes at Veladero, Argentina: the mine's Q4 start-up marked first production from the rich Frontera District.

# Australia/Africa

## Highlights

1<sup>st</sup> quarter — Tulawaka (Tanzania) entered production on schedule

- Cowal development project (Australia) remained on schedule for first quarter 2006;
- Work began on the feasibility study at Buzwagi (Tanzania); and
- The Nyanzaga deposit was discovered in Tanzania.

1.3  
million ounces  
2005 Production

\$ 280  
per ounce  
2005 Total Cash Costs

## Regional Overview

Tulawaka, which commenced production in first quarter 2005, is a small but high-return mine that adds to our presence in Tanzania. Buzwagi, an advanced-stage exploration target, now has a proven and probable reserve of 2.4 million ounces of gold.

In Australia, the Cowal development project progressed well and is widely credited for establishing new benchmarks in environmental management and permitting standards. The two-year construction phase was almost complete by year-end 2005, and Cowal remained on schedule for its first gold production in late first quarter 2006. Construction costs are anticipated to be about 10% above the prior \$305 million guidance due to inflationary cost pressures in Australia. However, we expect the project to begin selling production at a much higher gold price than we anticipated when we made the construction cost estimate.



## Exploration

Tanzania is a significant focus for exploration. Barrick is the major landholder in the highly prospective Lake Victoria Gold Belt and with the Placer acquisition will have the most prospective land package in the country. At Buzwagi, the 2005 drill program was successful in upgrading and expanding the existing resource. Engineering studies were carried out and the pre-feasibility study completed.



Environmental staff monitor pore pressure on the water storage dam wall at Tulawaka, our newest mine in Tanzania.



When Cowal (Australia) enters production, expected Q1 2006, it will be Barrick's fourth new mine on-stream within 12 months.

Barrick carried out a drill program to test the Nyanzaga Property, located north-east of Bulyanhulu. A zone of shallow mineralization has been defined over a strike length of 700 meters and remains open along strike and at depth. Preliminary metallurgy shows good recoveries for both the primary and oxide mineralization. An infill and extension drill program will be carried out in 2006.

In Australia, Barrick carried out field programs on six properties. The exploration is predominantly focused on targets in Western Australia, a more mature district that still holds good potential for new discoveries. Barrick's exploration programs will be augmented with the addition of prospective Placer tenements.

## 2006 Opportunities

In the first quarter of 2006, Cowal is scheduled to enter production. The mine has proven and probable gold reserves of 2.5 million ounces and measured and indicated gold resources of 2.0 million ounces. The minimum mine life is expected to be approximately ten years. Once in full production, Cowal is expected to be a significant contributor to gold production and cash flow generated from operations in this region.

At Buzwagi, the permitting process with Tanzanian authorities is underway, and a feasibility study has commenced in order to support a production decision later in 2006.

In 2005, the Company entered into a joint-venture agreement with Falconbridge Limited whereby they acquired a 50% interest in the Kabanga project for \$15 million cash and a funding commitment. Falconbridge will now be the operator of the project and has begun a \$50 million exploration and infill drilling program to update the resource model and bring the project toward feasibility. In addition to the \$50 million exploration program, Falconbridge will fund the next \$95 million of any project development expenditures for the project.

The acquisition of Placer Dome adds seven producing mines to the existing six in the region and two new countries, Papua New Guinea and South Africa. As in other regions, most of these assets are close to existing Barrick operations.

## Russia/Central Asia

### Highlights

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#### 50 % interest acquired in the Taseevskoye and Sredne Golgotaiskoye gold deposits

- Russia/Central Asia established as the Company's newest region;
- Ownership in Highland Gold increased to 20%;
- Drilling program continued to expand the size of the Federova palladium property; and
- Exploration program in Russia expanded by acquiring new license areas in three regions.

Russia/Central Asia has a long and rich history in gold mining, and excellent geological potential for the discovery of new deposits that meet our criteria for quality and scale. The region also has a significant talent pool of well-trained mining professionals, graduating more university students in relevant disciplines each year.

Barrick has long recognized the potential of this area, as well as the need to proceed in a methodical and prudent manner. We began our first exploration programs here in 1996, continuing to build our expertise and relationships, and to strengthen our involvement as opportunities warrant.

In 2005, we judged it timely to establish a more broadly-based presence. Our new regional business unit is built, deliberately, on a modest scale but it provides an excellent platform for assessing the range of ways we might grow our business in the region.



For example, in 2005 we increased our equity interest in Highland Gold to 20 percent. We have also obtained a 50% interest in the Taseevskoye and Sredne Golgotaiskoye gold deposits. Taseevskoye is a previously mined open pit and underground mine that is now being re-evaluated in light of the current strong gold price environment.

At the Federova palladium property in northwest Russia, a drilling program carried out in 2005 continued to expand the size of the deposit, with additional drilling planned for 2006. In addition, Barrick acquired three new exploration properties in Russia (Lyubov, Belaya Gora, and Maya-Inikan), and has planned field work for 2006.

We have stepped up our involvement in Russia/Central Asia because of the potential we see in this region. We are now better positioned than ever to realize the value of that potential going forward. We will continue to seek qualified partners and invest in selected growth and exploration opportunities.

## Operational Summary

		North America					
		Open Pit	Goldstrike Under- ground	Property Total	Round Mountain Mine	Hemlo Mine	Eskay Creek Mine
For year ending December 31							
<b>Operational Statistics</b>							
Tons mined	<b>2005</b>	129,833	1,463	<b>131,296</b>	<b>15,985</b>	<b>4,409</b>	<b>200</b>
(thousands)	2004	134,212	1,573	135,785	19,743	4,715	269
Tons Processed	<b>2005</b>	10,097	1,488	<b>11,585</b>	<b>34,004</b>	<b>1,931</b>	<b>199</b>
(thousands)	2004	10,779	1,566	12,345	36,963	2,019	263
Grade Processed	<b>2005</b>	0.18	0.38	<b>0.20</b>	<b>0.01</b>	<b>0.12</b>	<b>0.96</b>
(ounces per ton)	2004	0.15	0.40	0.18	0.02	0.13	1.18
Recovery Rate (%)	<b>2005</b>	85.6	89.9	<b>86.7</b>	—	<b>93.6</b>	<b>89.7</b>
	2004	85.1	89.7	86.2	—	94.0	93.1
Gold Production	<b>2005</b>	1,514	510	<b>2,024</b>	<b>368</b>	<b>230</b>	<b>172</b>
(thousands of ounces)	2004	1,381	562	1,943	381	247	290
Mineral Reserves	<b>2005</b>	14,603	2,773	<b>17,376</b>	<b>2,338</b>	<b>944</b>	<b>217</b>
(thousands of ounces)	2004	16,188	2,970	19,158	1,538	1,260	513
<b>Financial Statistics</b> (Production costs per ounce)							
Cash Operating Costs	<b>2005</b>	215	289	<b>234</b>	<b>205</b>	<b>277</b>	<b>38</b>
	2004	231	234	231	187	231	26
Royalties, Production	<b>2005</b>	20	25	<b>21</b>	<b>41</b>	<b>11</b>	<b>11</b>
Taxes and Accretion	2004	18	21	19	38	10	6
Total Cash Costs	<b>2005</b>	235	314	<b>255</b>	<b>246</b>	<b>288</b>	<b>49</b>
	2004	249	255	250	225	241	32
Amortization	<b>2005</b>	60	120	<b>75</b>	<b>45</b>	<b>58</b>	<b>153</b>
	2004	61	120	79	46	50	176
Total Production Costs	<b>2005</b>	295	434	<b>330</b>	<b>291</b>	<b>346</b>	<b>202</b>
	2004	310	375	329	271	291	208
Capex (US\$ millions)	<b>2005</b>	135	27	<b>162</b>	<b>1</b>	<b>6</b>	<b>2</b>
	2004	42	30	72	5	8	7

South America			Australia				Africa	
Pierina Mine	Lagunas Norte Mine	Veladero Mine	Kalgoorlie Mine	Plutonic Mine	Darlot Mine	Lawlers Mine	Bulyanhulu Mine	Tulawaka Mine
<b>46,884</b>	<b>23,653</b>	<b>63,514</b>	<b>43,532</b>	<b>3,644</b>	<b>808</b>	<b>2,327</b>	<b>1,011</b>	<b>6,758</b>
40,225	—	—	45,459	13,722	896	3,365	1,118	—
<b>15,965</b>	<b>14,269</b>	<b>4,513</b>	<b>7,314</b>	<b>2,004</b>	<b>859</b>	<b>888</b>	<b>1,045</b>	<b>322</b>
16,746	—	—	7,142	2,662	861	866	1,123	—
<b>0.05</b>	<b>0.06</b>	<b>0.02</b>	<b>0.07</b>	<b>0.14</b>	<b>0.16</b>	<b>0.15</b>	<b>0.34</b>	<b>0.27</b>
0.03	—	—	0.07	0.13	0.17	0.13	0.35	—
—	—	—	<b>85.4</b>	<b>90.2</b>	<b>96.0</b>	<b>96.4</b>	<b>88.5</b>	<b>95.8</b>
—	—	—	86.6	90.0	95.8	96.1	88.4	—
<b>628</b>	<b>550</b>	<b>56</b>	<b>417</b>	<b>251</b>	<b>135</b>	<b>131</b>	<b>311</b>	<b>87</b>
646	—	—	444	305	140	110	350	—
<b>1,916</b>	<b>8,266</b>	<b>12,641</b>	<b>4,894</b>	<b>2,399</b>	<b>914</b>	<b>472</b>	<b>10,732</b>	<b>377</b>
2,508	9,123	12,849	5,181	2,512	1,048	405	10,596	382
<b>134</b>	<b>95</b>	—	<b>237</b>	<b>252</b>	<b>250</b>	<b>261</b>	<b>342</b>	<b>233</b>
106	—	—	223	214	203	238	270	—
<b>5</b>	<b>15</b>	—	<b>11</b>	<b>11</b>	<b>9</b>	<b>10</b>	<b>16</b>	<b>20</b>
5	—	—	11	9	7	8	14	—
<b>139</b>	<b>110</b>	—	<b>248</b>	<b>263</b>	<b>259</b>	<b>271</b>	<b>358</b>	<b>253</b>
111	—	—	234	223	210	246	284	—
<b>115</b>	<b>53</b>	—	<b>49</b>	<b>39</b>	<b>66</b>	<b>53</b>	<b>112</b>	<b>138</b>
165	—	—	44	34	53	53	100	—
<b>254</b>	<b>163</b>	—	<b>297</b>	<b>302</b>	<b>325</b>	<b>324</b>	<b>470</b>	<b>391</b>
276	—	—	278	257	263	299	384	—
<b>20</b>	<b>141</b>	<b>266</b>	<b>12</b>	<b>20</b>	<b>9</b>	<b>9</b>	<b>37</b>	<b>8</b>
8	182	284	10	15	7	5	46	48

# Financials

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# Management's Discussion and Analysis ("MD&A")

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This MD&A is intended to help the reader understand Barrick Gold Corporation ("Barrick", "we", or "the Company"), our operations and our present business environment. Unless otherwise specified, all references in this MD&A are to Barrick excluding the impact of the 2006 acquisition of Placer Dome Inc. ("Placer Dome"). It includes the following sections:

- Our Business — a general description of our core business; our vision and strategy; our capability to deliver results; and key economic trends in our present business environment.
- Operations Review — an analysis of our consolidated results of operations for the last three years focusing on our material operating segments and the outlook for 2006.
- Liquidity, Capital Resources and Financial Position — an analysis of cash flows; sources and uses of cash; financial instruments; off-balance sheet arrangements; contractual obligations and commitments; and our financial position.
- Critical Accounting Policies and Estimates — a discussion of accounting policies that require critical judgments and estimates.

This MD&A, which has been prepared as of February 22, 2006, is intended to supplement and complement our audited consolidated financial statements and notes thereto for the year ended December 31, 2005 prepared in accordance with United States generally accepted accounting principles, or US GAAP (collectively, our "Financial Statements"). You are encouraged to review our Financial Statements in conjunction with your review of this MD&A. Additional information



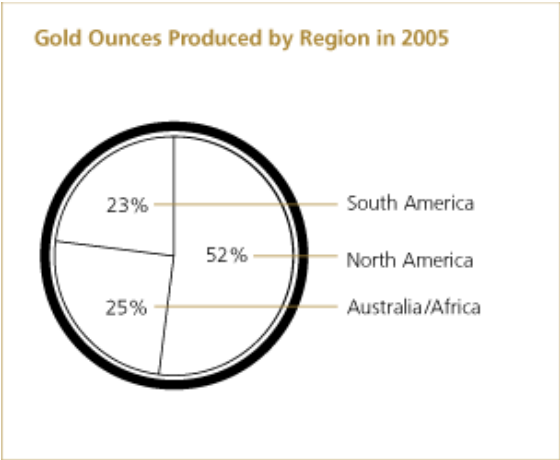
relating to our Company, including our most recent Annual Information Form, is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on EDGAR at [www.sec.gov](http://www.sec.gov). For an explanation of terminology used in our MD&A that is unique to the mining industry, readers should refer to the glossary on page 74. All dollar amounts in our MD&A are in US dollars, unless otherwise specified.

For the purposes of preparing our MD&A, we consider the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of our shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. We evaluate materiality with reference to all relevant circumstances, including potential market sensitivity.

**Our Business**

**Core Business**

We are currently one of the world's largest gold companies in terms of market capitalization, annual gold production and gold reserves. In early 2006, we completed the acquisition of Placer Dome, which will result in a significant increase in the scale of our mining operations. Details of the acquisition can be found on page 41. Our operations in 2005 were concentrated in these regions: North America, Australia/Africa and South America. In 2006, we intend to divide the Australia/Africa region into two separate regions. Each region receives direction from the Corporate Office, but has responsibility for all aspects of its businesses including strategy/ sustainability and managing all aspects of mining operations including exploration, development/ construction, production and closure.



We generate revenue and cash flow from the production and sale of gold. We sell our gold production in the world market through three primary distribution channels: gold bullion is sold in the gold spot market, gold bullion is sold under gold sales contracts between ourselves and various third parties, or gold concentrate is sold to independent smelting companies.

## Vision and Strategy

Our vision is to be the world's best gold company by finding, developing and producing quality reserves in a profitable and socially responsible manner.

Our goal is to create value for our shareholders. We reinvest cash flow from our mines in exploration, development projects and other investments to work towards sustainable growth in gold production and cash flow. It can take a number of years for a project to move from the exploration stage through to mine construction and production. Our business strategy reflects this long lead time, but shorter-term priorities are also set for current areas of focus.

Long-term Strategy Elements	Focus Areas	Measures
<b>Growth in reserves and production</b>	<ul style="list-style-type: none"> <li>■ Growth at existing mine sites by finding new reserves and converting mineralized material to reserves.</li> <li>■ Growth through successful exploration focused principally in key exploration districts (Goldstrike, Frontera, Lake Victoria and in Russia/Central Asia).</li> <li>■ Growth through targeted acquisitions.</li> <li>■ Advance the development of Cowal, Pascua-Lama, East Archimedes and Buzwagi as well as newly acquired Placer Dome projects, including Pueblo Viejo, Cortez Hills and Donlin Creek.</li> <li>■ Continue to develop a business unit in Russia/Central Asia.</li> </ul>	<ul style="list-style-type: none"> <li>■ Additions to and size of reserves and mineralized material.</li> <li>■ Consistent investment in exploration and development.</li> <li>■ Growth in annual gold production.</li> <li>■ Construction progress versus estimates.</li> <li>■ Actual construction costs versus estimates.</li> </ul>
<b>Operational excellence</b>	<ul style="list-style-type: none"> <li>■ Control costs. <ul style="list-style-type: none"> <li>— Global supply chain management.</li> <li>— Continuous improvement initiatives.</li> <li>— Currency, interest rate and commodity hedge programs.</li> </ul> </li> <li>■ Improve productivity through continuous improvement initiatives.</li> <li>■ Effective assessment and management of risk.</li> <li>■ Effective capital allocation.</li> <li>■ Secure efficient sources of funding for capital needs.</li> </ul>	<ul style="list-style-type: none"> <li>■ Total cash costs per ounce.<sup>1</sup></li> <li>■ Amortization per ounce.<sup>1</sup></li> <li>■ Ore throughput and equipment utilization statistics.</li> <li>■ Liquidity — operating cash flow and credit ratings.</li> <li>■ Key balance sheet ratios.</li> </ul>
<b>Strengthen the organization</b>	<ul style="list-style-type: none"> <li>■ Workforce — identify and develop talent.</li> <li>■ Leadership development and succession planning.</li> <li>■ Adopt best practices in corporate governance, including strengthening internal controls over financial reporting.</li> </ul>	<ul style="list-style-type: none"> <li>■ Talent review and performance management.</li> <li>■ Compliance with applicable corporate governance legislation.</li> </ul>
<b>Responsible mining</b>	<ul style="list-style-type: none"> <li>■ Reinforce health and safety culture.</li> <li>■ Enhance environmental performance, including use of innovative technology to protect the environment.</li> <li>■ Maintain positive community and government relations.</li> </ul>	<ul style="list-style-type: none"> <li>■ Safety leadership and other training initiatives.</li> <li>■ Medical aid injury frequency.</li> <li>■ Environmental performance.</li> <li>■ Compliance with regulatory requirements.</li> </ul>

1. For more information on total cash costs per ounce performance measures, see pages 44–45.

## Capability to Deliver Results

Resources and processes provide us with the capability to execute our strategy and deliver results. The critical ones are:

### Experienced Management Team and Skilled Workforce

We have an experienced management team that has a proven track record in the mining industry. Strong leadership and governance are critical to the successful implementation of our core strategy. We are focusing on leadership development for key members of executive-level and senior mine management.

A skilled workforce has a significant impact on the efficiency and effectiveness of our operations. The remote nature of many of our mine sites presents challenges in maintaining a skilled workforce. Competition for well-trained and skilled employees is high in our industry, so we are focusing on employee retention, recruiting skilled employees, and positive labor relations. We maintain training programs to develop the skills that certain employees need to fulfill their roles and responsibilities. Priorities for our Human Resources group include strengthening our workforce, developing employee leadership skills and succession planning. We are implementing Human Resource system solutions to enhance our ability to analyze and manage labor costs, productivity and other key statistics to help us effectively manage the impact our workforce has on our mining operations.

### Environmental, Health and Safety

As part of our commitment to corporate responsibility, we focus on continuously improving health and safety programs, systems and resources to help control workplace hazards. Continuous monitoring and integration of health and safety into decision-making enables us to operate effectively, while also focusing on health and safety. In 2005, we continued to focus on enhancing leadership and personal commitment through the development of our health and safety risk management guidelines, which were successfully piloted at one of our mine sites; training for all levels of supervision and management through our "Courageous Safety Leadership" program; and the full implementation of processes at both corporate and regional locations that support governance and accountability measurements. Key areas of focus for 2006 will include safety leadership through training and health and safety risk management practices; designing and enhancing processes and programs to ensure safety requirements are met; and communicating a safety culture as part of Barrick's core values.

We are subject to extensive laws and regulations governing the protection of the environment, endangered and protected species, waste disposal and worker safety. We seek to continuously implement operational improvements to enhance environmental performance. We have environmental groups at the corporate, regional business unit and operating site levels to support our environmental efforts. In 2005, we established an Environmental, Health, Safety and Sustainability Committee to establish policy direction for environmental performance. We became a signatory to the International Cyanide Management Code and committed to certification of all of our operations. In 2005, we also became a signatory to the United Nations ("UN") Global Compact, which represents the world's largest voluntary corporate citizenship initiative. Among its principles, the UN Global Compact encourages businesses to support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility, and encourage the development and diffusion of environmentally friendly technologies. To provide further guidance toward achieving our environmental objectives, we developed a new Environmental Management System Standard in 2005. Each year, we issue a Responsibility Report that outlines our environmental, health and safety and social responsibility performance for the year.

## **Cost Control and Supply Sourcing**

Successful cost control and supply sourcing depends upon our ability to obtain and maintain adequate quantities of equipment, consumables and supplies as required by our operations at competitive prices. Our Supply Chain group is focusing on improving long-term cost control and sourcing strategies, for major consumables and supplies used in our mining activities, through global commodity purchasing teams. It also facilitates knowledge sharing across our global business and implementation of best practices in procurement. We continue to develop strategies to help us analyze and source consumables and supplies at the lowest cost over the life of a mine, including where appropriate, long-term alliances with certain suppliers to ensure adequate supply is maintained.

Maintenance represents a significant component of operating costs at our mines and impacts the availability of plant and equipment. Our Global Maintenance team is working to reduce maintenance costs and increase equipment utilization through an internal maintenance community. Key areas of focus include setting business process standards for maintenance to optimize usage of mine equipment and enable cost-effective purchasing of mine equipment. They are implementing a global maintenance system, based on the principles of Total Production Maintenance, to facilitate the sharing of best practices across the Company and to track capital equipment statistics such as utilization, availability and useful lives.

## **Information Management and Technology**

Our Information Management and Technology group provides focused and responsive support to enable us to meet our current business objectives and long-term strategy elements. It manages significant risks, such as information security; risks relating to the implementation of new applications; and the risk of failure of critical systems. We are implementing strategies to mitigate these risks, including monitoring operating procedures and the effectiveness of system controls to safeguard data, evaluating the effective use of technology and maintaining disaster recovery plans. Other areas of focus include working with other functional groups to reduce technology diversity by standardizing system solutions, and ongoing analysis of business needs and the potential benefits that can be gained from system solution enhancements.

## **Continuous Improvement**

Our Continuous Improvement ("CI") group is focused on instilling a continuous improvement culture across the Company to increase shareholder value by reducing costs, improving throughput/productivity, and improving quality and safety. Our CI group coordinates annual operational/business reviews to identify and prioritize improvement opportunities. The group also facilitates strategic planning sessions to develop our business strategy.

## **Internal Controls Over Financial Reporting and Disclosure**

We maintain a system of internal controls over financial reporting designed to safeguard assets and ensure financial information is reliable. We undertake ongoing evaluations of the effectiveness of internal controls over financial reporting and implement control enhancements, where appropriate, to improve the effectiveness of controls. In 2005, we focused on the design, testing and assessment of the effectiveness of internal controls over financial reporting to enable us to meet the certification and attestation requirements of the Sarbanes-Oxley Act ("SOA") for 2006. We presently file management certifications annually under Section 302 and Section 906 of the SOA, and expect to comply with the reporting requirements of Section 404 of the SOA as required by law.

We also maintain a system of disclosure controls and procedures designed to ensure the reliability, completeness and timeliness of the information we disclose in this MD&A and other public disclosure documents. Disclosure controls and procedures are designed to ensure that information required to be disclosed by Barrick in reports filed with securities regulatory agencies is recorded, processed, summarized and reported on a timely basis, as required by law, and is accumulated and communicated to Barrick's management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

**Key Economic Trends**

In 2005, there has been a continuation of the trend of higher gold and silver prices which, while benefiting gold revenues and by-product credits, also leads to higher gold royalty expenses. A trend of inflationary pressure on the cost of labor, other commodities and consumables, such as oil, natural gas and propane, has caused upward pressure on production costs. We believe that other companies in the gold mining industry are experiencing similar trends. The Placer Dome acquisition will lead to a general increase in the magnitude of the effect of these economic factors on our business.

**Gold, Silver and Copper Prices**

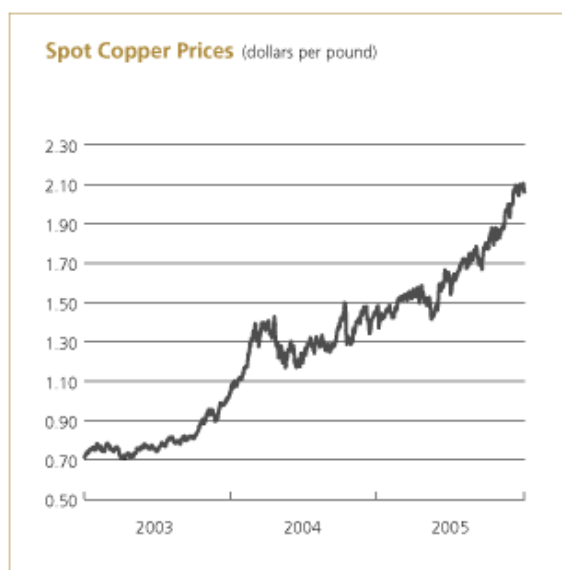
Market gold prices have a significant impact on our revenue. Silver prices impact total cash costs per ounce <sup>1</sup> of gold as silver sales are recorded as a by-product credit. These prices are subject to volatile price movements over short periods of time, and are affected by numerous industry and macroeconomic factors that are beyond our control.

Gold prices followed an upward trend in 2005, closing the year at \$513 per ounce. This trend continued into 2006 with gold reaching a 25-year high of \$572 per ounce in early February 2006. In contrast to 2004, the correlation between gold prices and the Euro has lessened, which suggests that exchange rates have become less important in determining gold prices. Other economic influences such as supply and demand, oil prices, trade deficits and US interest rates are important factors in explaining gold price movements. Demand for gold continues, with reports that certain central banks are considering buying gold to add to their reserves, and strong jewelry demand in China and India. The prospects for gold as an investment remain favorable, particularly in response to any global economic/political uncertainty. The past few years have seen a resurgence in gold as an investment vehicle, with more readily accessible gold investment opportunities (such as gold exchange traded funds — “ETFs”).



Over the last three years, our realized gold sales prices have tracked the rising market gold price. Periods when our average realized price was below average market prices were primarily caused by us voluntarily choosing to deliver into gold sales contracts at dates earlier than the final contractual delivery date and at prices lower than prevailing market prices to reduce outstanding gold sales contracts.

1. Total cash costs per ounce excludes amortization, see pages 44-45 for further information on this performance measure.

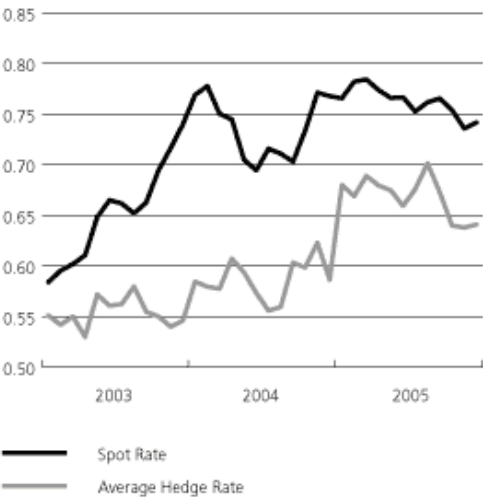


Silver rallied along with gold at the end of 2005, despite continued news that attrition in the US photographic market would depress demand. Silver prices have had support from industrial consumers as technological advances continue to provide silver with new uses, as well as robust jewelry demand from India. The last three years have seen a decline in our silver production, as reserves at our Eskay Creek mine are depleted and the mine approaches the end of its life. After Pascua-Lama begins production, we expect that the quantities of silver we produce will increase significantly.

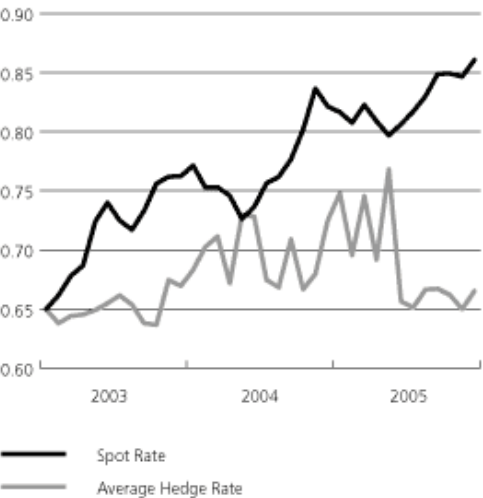
The acquisition of Placer Dome will lead to copper prices having a more significant effect on our results due to copper production from the Zaldivar copper mine and the Osborne gold and copper mine. In 2005, these mines combined produced 359 million pounds of copper. Copper prices rose 67% in 2005 as a result of supply reductions, smelter bottlenecks, and low global copper inventory levels, combined with ongoing high levels of copper demand. In early February 2006, copper prices reached a high of \$2.33 per pound. In 2006, we purchased put options to protect revenue on approximately 300 million pounds of expected 2006 copper production. These options guarantee a minimum price of \$2.00 per pound, while allowing us to fully participate in higher spot copper prices.

Currency Exchange Rates

Monthly AUD\$ Spot and Average Hedge Rates  
(A\$:US\$ exchange rate)

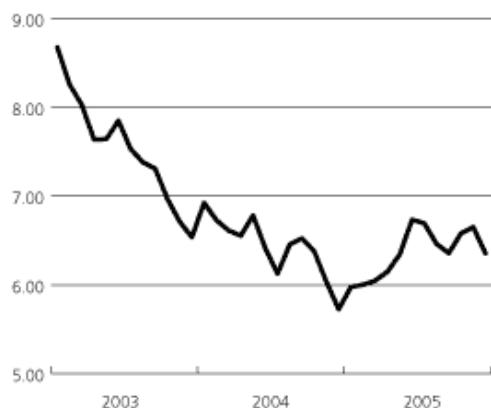


Monthly CAD\$ Spot and Average Hedge Rates  
(C\$:US\$ exchange rate)



### Monthly Rand Spot Rates

(US\$:ZAR\$ exchange rate)



Results of our mining operations in Australia and Canada, reported in US dollars, are affected by exchange rates between the Australian and Canadian dollars and the US dollar, because a portion of our annual expenditures are based in local currencies. Placer Dome has a mine located in South Africa that will cause us to also have economic exposure to the South African Rand in the future.

A weaker dollar would cause costs reported in US dollars to increase. The Canadian dollar outperformed most major currencies in 2005, including the US dollar, mainly due to sustained higher energy prices and global investor interest in resource assets. We expect the Canadian dollar to remain strong in 2006. The Australian dollar remains steady, mainly due to higher commodity prices, and the exchange rate with the US dollar was fairly stable in 2005. The Rand has shown increased stability against the US dollar in 2005 as compared to previous years, mainly due to increased liquidity and continued strong foreign direct investment in South Africa.



We have a currency hedge position as part of our strategy to control costs by mitigating the impact of volatility in the US dollar on Canadian and Australian dollar-based costs. Over the last three years, our currency hedge position has provided benefits to us in the form of hedge gains when contract exchange rates are compared to prevailing market exchange rates as follows: 2005 — \$100 million; 2004 — \$96 million; and 2003 — \$58 million. These gains are reflected in our operating costs.

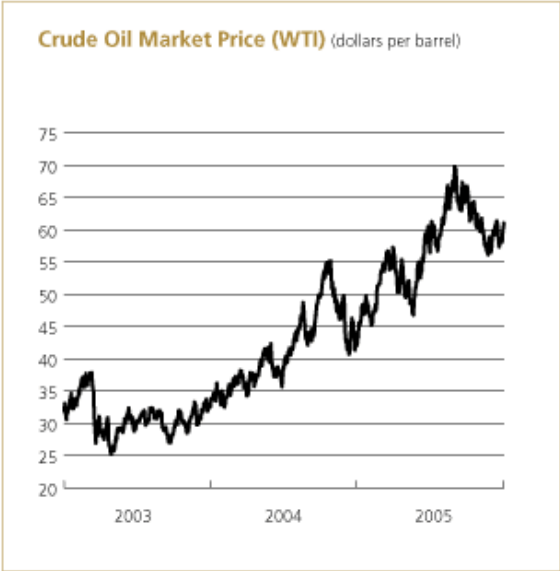
Our currency hedge position at the end of 2005 provides protection for our Canadian and Australian dollar-based costs for a significant portion of the next three years. The average hedge rates vary depending on when the contracts were put in place. For hedges in place for future years, average hedge rates are higher because some of the contracts were added over time as the US dollar weakened. The average rates of currency contracts over the next three years are \$0.68 for Australian dollar contracts and \$0.76 for Canadian dollar contracts. Beyond the next three years, most of our Canadian and Australian dollar-based costs are subject to market currency exchange rates, and consequently costs reported in US dollars for our Australian operations and our Canadian operations could increase if currency exchange rates against the US dollar remain at present levels.

**Inflationary Cost Pressures**

Our industry is experiencing significant inflationary cost pressures for many commodities and consumables used in the production of gold, as well as, in some cases, constraints on supply. These pressures have led to a trend of higher production costs reported by many gold producers, and we have been actively seeking ways to mitigate these cost pressures. In the case of diesel fuel and propane, we put in place hedge positions that have been successful in mitigating the impact of recent price increases to a significant extent. For other cost pressures, we have been focusing on supply chain management and continuous improvement initiatives to mitigate the impact on our business.

*Fuel*

We consume on average about 2 million barrels of diesel fuel and approximately 24 million gallons of propane annually across all our mines.



Diesel fuel is refined from crude oil and is therefore subject to the same price volatility affecting crude oil prices. With global demand increasing and oil supply disruptions in 2005, oil prices rose from \$43 per barrel at the start of the year to \$61 per barrel at the end of the year. To help control the costs of fuel consumption, we have a fuel hedge position totaling 2 million barrels, which represents about 25% of our total estimated consumption in each of the next four years. The fuel hedge contracts are primarily designated for our Goldstrike, Round Mountain, and Kalgoorlie mines. The average hedge rate of our fuel contracts is \$44 per barrel. In 2005, we realized benefits in the form of fuel hedge gains totaling \$9 million (2004: \$4 million; 2003: nil), when fuel hedge prices were compared to market prices. These gains are reflected in our operating costs. If the trend of high diesel fuel prices continues, this could impact future gold production costs.

Propane prices rose from \$0.76 per gallon at the start of 2005 to \$1.04 at the end of the year. Propane prices have increased mainly due to a substitution of propane for natural gas by some consumers that caused an increase in demand for propane. To help control the costs of propane consumed at our mines, we have a propane hedge position totaling 17 million gallons, which represents about 70% of our estimated future propane consumption through to the end of 2006, at an average price of \$0.79 per gallon. We realized hedge gains totaling \$1 million in 2005 (2004 and 2003: nil), when market prices were compared to our propane hedge prices. These gains are reflected in our operating costs.

### *Electricity*

We purchase about 1.6–1.7 million megawatt hours of electricity annually across all our mines. We buy electricity from regional power utilities, and in addition at some mines we generate our own power. Fluctuations in electricity prices are generally caused by local economic factors and impact costs to produce gold. Electricity prices have generally been rising in recent years due to increases in the price of diesel fuel, coal and natural gas, which are used by many power generators, as well as excess demand for electricity. Natural gas prices rose in North America in 2005, as Hurricane Katrina and other factors caused a tightening of supply that has not fully recovered yet.

To partially mitigate the impact of rising electricity costs, we built a 115-megawatt natural gas-fired power plant that became operational in the fourth quarter of 2005. This power plant provides Goldstrike with the flexibility to generate its own power or buy cheaper power from other producers, with the goals of minimizing the cost of power consumed and enhancing the reliability of electricity availability at the mine.

### *Consumables*

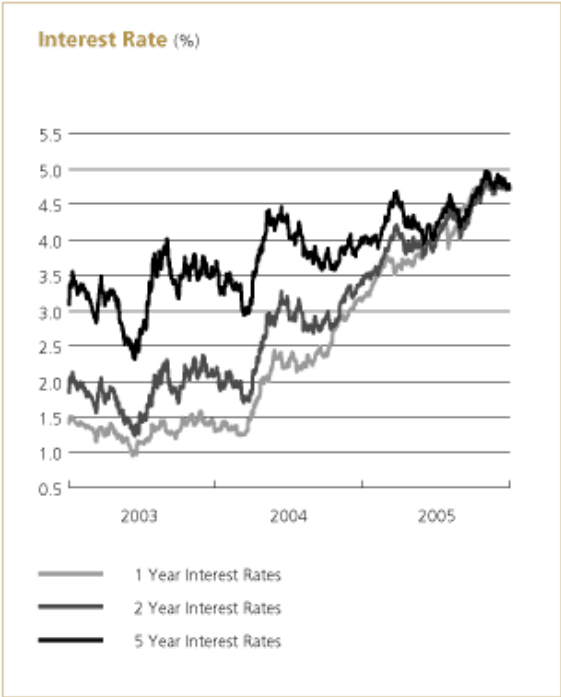
With increasing demand for tires and limitations in supply from tire manufacturers, costs have been rising and some companies have experienced difficulty securing tires. We have been seeking to mitigate this cost pressure by finding ways to extend tire lives and looking at various alternatives for supply. In 2006, our focus will be to complete a tire tender process and sign long-term agreements with preferred tire suppliers to ensure that we continue to receive an adequate supply of tires for our mines and development projects. The limited availability of tires has not had a significant impact on productivity at our mines.

Prices for certain other consumables, such as cyanide and explosives, have also been generally increasing, which in turn leads to higher mining and processing costs. In 2005, we benefited from contract pricing for cyanide that was below the prevailing market price. For 2006, we expect to procure most of our cyanide at market prices, with price increases due to higher costs for caustic soda and natural gas. For explosives, we experienced price increases in 2005 because natural gas and ammonia are both used in the production of ammonium nitrate explosives. We are evaluating alternatives to reduce consumables costs through supply chain and continuous improvement initiatives.

### *Labor Costs*

With high demand for experienced miners and relatively inflexible supply, the industry has been facing upward pressure on labor costs, as well as higher turnover rates in some cases, due to the strong demand. Labor cost pressures have been most significant in Australia.

US Dollar Interest Rates



Short-term US dollar interest rates rose in 2005 as the US Federal Reserve continued its tightening cycle. We expect long-term interest rates to rise as the front end of the curve rises due to inflation risks. Volatility in interest rates mainly affects interest receipts on our cash balances (\$1 billion cash at the end of 2005), and interest payments on variable-rate debt (\$0.6 billion of variable-rate debt at the end of 2005). Based on the relative amounts of these variable-rate financial assets and liabilities, rising interest rates would have an overall positive impact on our results. The relative amounts of variable-rate financial assets and liabilities may change in the future depending upon the amount of operating cash flow we generate as well as amounts invested in capital expenditures.

In response to the volatility in interest rates, we have used interest rate swaps to alter the relative amounts of variable-rate financial assets and liabilities and to mitigate the overall impact of changes in interest rates. Management of interest-rate risk takes into account the term structure of variable-rate financial assets and liabilities. On \$425 million of our cash balances, we have fixed the interest rate through 2007 at 3.63% using interest rate swaps. These interest rate swaps generated hedge gains, when rates under the swaps are compared to market interest rates, totaling \$6 million in 2005; \$19 million in 2004; and \$18 million in 2003. In the future, we may alter the notional amounts of interest rate swaps outstanding as the relative amounts of variable-rate assets and liabilities change to manage interest rate risk.

## Operations Review

### Selected Annual Information

For the years ended December 31  
(\$ millions, except per share  
and per ounce data in dollars)

	2005	2004	2003
Gold production (000's of ounces)	5,460	4,958	5,510
Gold sales			
000's of ounces	5,320	4,936	5,554
\$ millions	\$ 2,350	\$ 1,932	\$ 2,035
Market gold price <sup>1</sup>	444	409	363
Realized gold price <sup>1</sup>	439	391	366
Total cash costs <sup>1, 2</sup>	227	214	189
Amortization <sup>1</sup>	76	86	90
Total production costs <sup>1</sup>	303	300	279
Net income	401	248	200
Net income per share			
Basic	0.75	0.47	0.37
Diluted	0.75	0.46	0.37
Cash inflow (outflow)			
Operating activities	726	509	519
Capital expenditures	(1,104)	(824)	(322)
Other investing activities	(76)	3	(12)
Financing activities	93	740	(266)
Cash position — end of year	1,037	1,398	970
Total assets	6,862	6,287	5,345
Total long-term financial liabilities	\$ 1,780	\$ 1,707	\$ 789
Gold reserves			
(millions of contained ounces) <sup>a</sup>	88.6	89.1	85.9

1. Per ounce weighted average.

2. Total cash costs per ounce statistics exclude amortization. Total cash costs per ounce is a performance measure that is used throughout this MD&A. For more information see pages 44-45.

### Executive Overview and 2006 Outlook

In 2005, we produced 5.5 million ounces of gold at average total cash costs of \$227 per ounce, in line with our original guidance for the year. The contribution to gold production from three new mines, Tulawaka, Lagunas Norte and Veladero, more than offset slightly lower production from Eskay Creek and Plutonic. Through our currency and commodity hedge programs, and supply chain initiatives, we were able to mitigate to some extent the impact of inflationary cost pressures.

We had earnings of \$401 million (\$0.75 per share) and generated operating cash flow of \$726 million (\$1.35 per share) in 2005.

### Key Factors Affecting Earnings

For the years ended December 31  
(\$ millions)

	Refer to page	
<b>Net income — 2004</b>		<b>\$ 248</b>
Increase (decrease)		
Higher realized gold prices	43	\$ 255
Higher sales volumes <sup>1</sup>	43	35
Higher total cash costs	44	(69)
Lower amortization rates per ounce	50	53
Lower interest expense	51	12
Higher income tax expense <sup>2</sup>	53	(36)
Special items <sup>3</sup>	41	(111)
Other	52	14
<b>Total increase</b>		<b>\$ 153</b>
<b>Net income — 2005</b>		<b>\$ 401</b>

1. Impact of changing sales volumes on margin between selling prices, total cash costs and amortization.

2. Excluding the impact of the tax effects of special items.

3. Special items are post-tax and exclude the impact on the period of deferred stripping accounting changes.

At year-end, on a pro forma basis, we had proven and probable reserves, including reserves of 88.6 million ounces at our existing properties and our acquired interest in Placer Dome reserves of 50.1 million ounces of gold <sup>b</sup>, of 138.7 million ounces of gold <sup>a, b</sup>, based on a \$400 per ounce gold price assumption and 6.15 billion pounds of copper <sup>b</sup>, after adjusting for the anticipated sale of certain assets to Goldcorp.

We continued to effectively support and shape our growth profile, including a focus on Russia and Central Asia, and to make significant progress on the development of our new generation of mines. The Tulawaka, Lagunas Norte and Veladero mines began production in 2005, and we expect our fourth new mine, Cowal in Australia, to commence its first gold production in first quarter 2006. We continued work on advancing our other projects, including

- a. Calculated in accordance with National Instrument 43-101 as required by Canadian securities regulatory authorities. For United States reporting purposes, Industry Guide 7, (under the Securities and Exchange Act of 1934), as interpreted by Staff of the SEC, applies different standards in order to classify mineralization as a reserve. Accordingly, for US reporting purposes, Buzwagi is classified as mineralized material. Barrick is currently assessing the implications of conditions contained in the resolution issued by Chilean regulatory authorities approving the environmental impact assessment for the Pascua-Lama project. It is possible that following the completion of such assessment, up to 1 million ounces of mineralization at the Pascua-Lama project may be reclassified from reserves to mineralized material for US reporting purposes. For a breakdown of reserves by category and additional information relating to reserves, see pages 125-129 of this Annual Report.
- b. For a breakdown of Placer Dome's reserves and resources by category and additional information relating to such reserves and resources, see Placer Dome's press release of February 20, 2006. Such reserves and resources were calculated by employees of Placer Dome in accordance with National Instrument 43-101, as required by Canadian securities regulatory authorities, and in accordance with Placer Dome's previously established policies and procedures, and have not been independently verified by Barrick Gold Corporation. Industry Guide 7 (under the Securities and Exchange Act of 1934), as interpreted by Staff of the SEC, applies different standards to classify mineralization as a reserve. Based on a preliminary review, Barrick does not intend to report mineralization at the Pueblo Viejo project as a reserve for US reporting purposes at this time.

Buzwagi and Kabanga in Tanzania, Pascua-Lama in Chile/Argentina and East Archimedes in Nevada. We have the capital resources to fund our development projects without the need for any equity dilution. In 2005, we issued \$50 million of public debt in Peru and drew down \$129 million under our Peru lease and Veladero project financings. We continue to have the gold mining industry's only A credit rating (A–), as rated by Standard & Poor's.

### Special Items — Effect on Earnings Increase (Decrease) (\$ millions)

For the years ended December 31	Refer to page	2005		2004		2003	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
<b>Non-hedge derivative gains</b>	52	\$ 6	\$ 4	\$ 5	\$ 9	\$ 71	\$ 60
Gains on sale of investments, interests in mining properties and Kabanga transaction	52	37	35	42	31	40	32
Impairment charges on investments, long-lived assets and royalty interest	52	(16)	(16)	(144)	(99)	(16)	(14)
Changes in asset retirement obligation cost estimates at closed mines	52	(15)	(11)	(22)	(17)	(10)	(10)
Deferred stripping accounting changes							
Cumulative effect	65	6	6	—	—	—	—
Impact on the period compared to previous policy	65	64	44	—	—	—	—
Resolution of Peruvian tax assessment							
Outcome of tax uncertainties	53	—	—	—	141	—	—
Reversal of other accrued costs	53	—	—	21	15	—	—
Deferred tax credits							
Change in Australian tax status	53	—	5	—	81	—	—
Release of valuation allowances	53	—	32	—	5	—	62
<b>Total</b>		<b>\$ 82</b>	<b>\$ 99</b>	<b>\$ (98)</b>	<b>\$ 166</b>	<b>\$ 85</b>	<b>\$ 130</b>

### Cash Flow

In 2005, our cash position decreased by \$361 million. We generated \$726 million of operating cash flow, \$217 million higher than in 2004, mainly because of higher gold sales volumes and realized gold prices, partly offset by higher total cash costs. Capital expenditures were \$1.1 billion, \$280 million higher than in 2004, due to the levels of construction activity at our development projects. We received \$93 million from financing activities in 2005, including \$92 million in proceeds on the exercise of stock options and \$179 million in proceeds from various financing facilities used to fund construction at our development projects, partly offset by \$59 million of scheduled repayments on financing facilities and dividend payments of \$118 million.

### Acquisition of Placer Dome

In early 2006, we completed the acquisition of Placer Dome. We expect that the total cost of acquisition will be about \$10.1 billion. We will consolidate Placer Dome's results of operations from January 20, 2006. Placer Dome is one of the world's largest gold mining companies, with gold mineral reserves of 60.4 million ounces and copper reserves of 6.15 billion pounds at December 31, 2005. Placer Dome produced 3.6 million ounces of gold and 359 million pounds of copper in 2005. It has 12 producing mines based in North America, South America, Africa and Australia/New Guinea, and three significant projects that are in various stages of exploration/development. Its most significant mines are Cortez in the United States, Zaldivar in Chile, Porgera in New Guinea, North Mara in Tanzania and South Deep in South Africa. The most significant projects are Cortez Hills and Donlin Creek in the United States, and Pueblo

Viejo in the Dominican Republic. We plan to sell Placer Dome's Canadian mines to Goldcorp Inc. ("Goldcorp"), as well as certain other interests in mineral properties. As at February 17, 2006, Placer Dome had a committed gold hedge position totaling approximately 6.2 million ounces. We plan to focus on reducing this acquired hedge position further over time, consistent with the plans for our existing gold hedge position.

We believe that the business combination between Barrick and Placer Dome is a unique opportunity to create a Canadian-based leader in the global gold mining industry. This business combination further strengthens our position in the industry, with respect to reserves, production, our development pipeline and balance sheet. We expect that the combination will yield synergies from the combined companies of approximately \$200 million annually beginning in 2007. We expect to realize the synergies in the following areas:

- Operations — through the optimization and sharing of mining and processing infrastructure in common jurisdictions, including Nevada, Australia and Tanzania;
- Exploration — by carefully assessing our exploration spending and focusing on the most prospective areas and reducing the overall exploration spending of the combined enterprise;
- Administration — by eliminating duplication of offices and overheads;
- Procurement — through the improved purchasing power of the larger enterprise; and
- Finance and Tax — by realizing tax synergies in certain jurisdictions, opportunities for debt optimization and a lower overall cost of capital resulting from a larger balance sheet.

### Sale of Certain Placer Dome Operations to Goldcorp

Goldcorp has agreed, subject to certain conditions, to acquire all of Placer Dome's Canadian operations (other than its offices in Vancouver and Toronto), including all mining, reclamation and exploration properties, Placer Dome's interest in the La Coipa mine in Chile, and a 40% interest in the Pueblo Viejo project in the Dominican Republic, for cash consideration of about \$1.5 billion. We expect that the sale of these operations to Goldcorp will close in the first half of 2006. Until closing, we expect to consolidate the results of these operations, and we do not expect to record any significant gain or loss on closing of the sale.

### Selected Pro Forma Consolidated Financial Information (Unaudited)

	As reported		Pro forma adjustments <sup>1</sup>	Pro forma combined
	Barrick	Placer Dome		Barrick/ Placer Dome
(\$ millions, except per share data in dollars)				
<b>Income statement — For the year ended December 31, 2005</b>				
Sales				
Gold	\$ 2,350	\$ 1,458	\$ (251)	\$ 3,557
Copper	—	520	—	520
Total sales	2,350	1,978	(251)	4,077
Costs and expenses	1,853	1,781	(240)	3,394
Income before income taxes and other items	455	113	(12)	580
Net income	401	80	8	489
Net income per share — basic and diluted	0.75	0.18		0.57
<b>Balance sheet — As at December 31, 2005</b>				
Cash	1,037	880	308	2,225
Other current assets	711	769	(31)	1,449
Non-current assets	5,114	4,045	(978)	8,181
Unallocated purchase price	—	—	7,221	7,221
Current liabilities	560	546	1	1,107
Long-term debt	1,721	1,107	—	2,828
Other non-current liabilities	731	801	998	2,530
Net assets	\$ 3,850	\$ 3,240	\$ 5,521	\$ 12,611

1. Adjustments to reflect certain estimated effects of purchase accounting and the estimated effects of the sale of certain Placer Dome operations to Goldcorp. See note 3 to the Financial Statements for details.

The pro forma information has been presented for illustrative purposes only to show the effect of the acquisition of 100% of Placer Dome by Barrick as though it had occurred on January 1, 2005 for the pro forma unaudited selected income statement information. The unaudited selected balance sheet information as at December 31, 2005 was prepared using the consolidated balance sheets of Barrick and Placer Dome as at December 31, 2005. Certain adjustments have been reflected in this pro forma information to illustrate the effects of harmonizing accounting policies and purchase accounting, and to reflect the impact of the sale of certain Placer Dome operations to Goldcorp, where the impact could be reasonably estimated. We will complete an exercise to value the identifiable assets and liabilities acquired, including any goodwill that may arise upon the acquisition.

This unaudited pro forma consolidated financial statement information is not intended to be indicative of the results that would actually have occurred, or the results expected in future periods. Results of operations for Placer Dome could differ materially from those recorded in 2005 due to the effects of purchase accounting, the harmonization of Placer Dome's accounting policies with Barrick's accounting policies, and other factors such as the key economic trends described on pages 34 to 39. As a result of the bid process, Placer Dome's 2005 income statement reflects approximately \$21 million of non-recurring transaction-related costs. Any potential synergies that may be realized, and integration costs that may be incurred, have been excluded from the pro forma information. The information prepared is only a summary, and more details can be found in note 3 to the Financial Statements.

## **2006 Outlook**

In 2006, we expect to produce between 8.6 to 8.9 million ounces of gold at total cash costs of \$275 to \$290 per ounce and approximately 350 million pounds of copper at total cash costs of about \$1.10 per pound including the contribution from the Placer Dome operations after adjusting for the sale of certain operations to Goldcorp. Copper total cash costs per pound include the impact of purchase accounting fair value adjustments. Excluding these one-time, non-cash accounting adjustments, copper cash costs would be lower by approximately \$0.35 per pound. The overall average total cash costs per ounce of Placer Dome's gold production is higher than the average for the existing Barrick mines, and consequently, we expect that the overall average total cash costs per ounce of our gold production will increase following the acquisition. We expect the overall amortization expense may increase following the completion of the purchase price allocation.

## **Consolidated Gold Production and Sales**

By replacing gold reserves depleted by production year over year, we can maintain production levels over the long term. If depletion of reserves exceeds discoveries over the long term, then we may not be able to sustain gold production levels. Reserves can be replaced by expanding known ore bodies, acquiring mines or properties or locating new deposits. Once a site with gold mineralization is discovered, it may take several years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves and to construct mining and processing facilities. Given that gold exploration is speculative in nature, some exploration projects may prove unsuccessful.

Our financial performance is affected by our ability to achieve targets for production volumes and total cash costs. We prepare estimates of future production and total cash costs of production for our operations. These estimates are based on mine plans that reflect the expected method by which we will mine reserves at each mine, and the expected costs associated with the plans. Actual gold production and total cash costs may vary from these estimates for a number of reasons, including if the volume of ore mined and ore grade differs from estimates, which could occur because of changing mining rates; ore dilution; metallurgical and other ore characteristics; and short-term mining conditions that require different sequential development of ore bodies or mining in different areas of the mine. Mining rates are impacted by various risks and hazards inherent at each operation, including natural phenomena such as inclement weather conditions, floods, and earthquakes and unexpected labor shortages or strikes. Total cash costs per ounce are also affected



by ore metallurgy that impacts gold recovery rates, labor costs, the cost of mining supplies and services, foreign currency exchange rates and stripping costs incurred during the production phase of the mine. In the normal course of our operations, we attempt to manage each of these risks to mitigate, where possible, the effect they have on our operating results.

In the first half of 2005, ounces produced and sold were similar to the first half of 2004. In the second half of 2005 compared to the same period in 2004, ounces produced increased by about 32%, while ounces sold increased by 26% as production and sales began at Lagunas Norte and increased at the Goldstrike Open Pit while only production began at Veladero.

In 2005, we sold most of our production at market prices, and delivered approximately 0.8 million ounces into gold sales contracts. We realized an average gold sales price of \$439 per ounce, \$48 higher than in 2004, mainly due to higher market gold prices. The price realized for gold sales in 2006 and beyond will depend on market conditions and the selling prices of any gold sales contracts into which we voluntarily deliver, which could be below prevailing spot market prices.

## Consolidated Total Cash Costs per Ounce <sup>2</sup>

(in dollars per ounce)  
For the years ended December 31

	2005	2004	2003
Cost of gold sales <sup>1</sup>	\$ 255	\$ 248	\$ 210
Currency/commodity hedge gains	(21)	(19)	(12)
By-product credits	(25)	(30)	(21)
Royalties/mining taxes	16	13	12
Accretion/other costs	2	2	2
<b>Total cash costs <sup>2</sup></b>	<b>\$ 227</b>	<b>\$ 214</b>	<b>\$ 191</b>

1. At market currency exchange and commodity rates.

2. Total cash costs per ounce excludes amortization — see page 45.

Total cash costs for 2005 were in line with the original full-year guidance, but higher than in 2004, primarily due to inflationary cost pressures experienced in 2005, partly offset by the start-up of low-cost production from Lagunas Norte, the availability of higher-grade ore at Goldstrike Open Pit, and the impact of the change in accounting for stripping costs (see page 65).

## Total Cash Costs Performance Measures

Total cash costs include all costs absorbed into inventory, including royalties, by-product credits, mining taxes and accretion expense, except for amortization. Total cash costs per ounce is calculated by dividing the aggregate of these costs by gold ounces sold. Total cash costs and total cash costs per ounce are calculated on a consistent basis for the periods presented. On our income statement we present amortization separately from cost of sales. Some companies include amortization in cost of sales, which results in a different measurement of cost of sales on the income statement. We have provided below a reconciliation to illustrate the impact of excluding amortization from cost of sales and total cash costs per ounce statistics.

In managing our mining operations, we disaggregate cost of sales between amortization and the other components of cost of sales. We use total cash costs per ounce statistics as a key performance measure internally to monitor the performance of our mines. We use the statistics to assess how well our mines are performing against internal plans, and also to assess the overall effectiveness and efficiency of our mining operations. We also use amortization cost per ounce statistics to monitor business performance. By disaggregating cost of sales into these two components and separately monitoring them, we are able to better identify and address key performance trends. We believe that the presentation of these statistics in this manner in our MD&A, together with commentary explaining trends and changes in the statistics, enhances the ability of investors to assess our performance. These statistics also enable investors to better understand year-on-year changes in cash production costs, which in turn affect our profitability and ability to generate cash flow.

The principal limitation associated with total cash costs per ounce statistics is that they do not reflect the total costs to produce gold, which in turn impacts the earnings of Barrick. We believe that we have compensated for this limitation by highlighting the fact that total cash costs exclude amortization as well as providing details of the financial effect. We believe that the benefits of providing disaggregated information outweigh the limitation in the method of presentation of total cash costs per ounce statistics.

Total cash costs per ounce statistics are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with US GAAP. The measures are not necessarily indicative of operating profit or cash flow from operations as determined under US GAAP. Other companies may calculate these measures differently.

### Illustration of Impact of Excluding Amortization from Total Cash Costs Per Ounce

(\$ millions, except per ounce  
information in dollars)

For the years ended December 31

	2005	2004
Cost of sales per Barrick income statement	\$ 1,214	\$ 1,047
Amortization at producing mines	409	425
Cost of sales including amortization	\$ 1,623	\$ 1,472
Ounces sold (thousands)	5,320	4,936
Total cash costs per ounce as reported	\$ 227	\$ 214
Amortization per ounce	76	86
Cost of sales (including amortization) per ounce	\$ 303	\$ 300

### Results of Operating Segments

In our Financial Statements, we present a measure of historical segment income that reflects gold sales at average consolidated realized gold prices, less segment expenses and amortization of segment property, plant and equipment. Our segments mainly include producing mines and development projects. We monitor segment expenses using "total cash costs per ounce" statistics that represent segment cost of sales divided by ounces of gold sold in each period. The discussion of results for producing mines focuses on this statistic in explaining changes in segment expenses, and should be read in conjunction with the mine statistics presented on pages 26-27.

Conducting mining activities in certain countries outside North America subjects us to various risks and uncertainties that arise from carrying on business in foreign countries including: uncertain political and economic environments; war and civil disturbances; changes in laws or fiscal policies; interpretation of foreign taxation legislation; and tax implications on repatriation of foreign earnings. We monitor these risks on an ongoing basis and mitigate their effects where possible, but events or changes in circumstances could materially impact our results and financial condition.

For development projects, we prepare estimates of capital expenditures, reserves and costs to produce reserves. We also assess the likelihood of obtaining key governmental permits, land rights and other government approvals. Estimates of capital expenditures are based on studies completed for each project, which also include estimates of annual production and production costs. Adverse changes in any of the key assumptions in these studies or other factors could affect estimated capital expenditures, production levels and production costs, and also the economic feasibility of a project. We take steps to mitigate potentially adverse effects of changes in assumptions or other factors. Prior to the commencement of production, the segment results for development projects reflect expensed mine start-up costs.

### North America

In 2005, the region produced 2,863,000 ounces (2004: 2,963,000 ounces) at total cash costs of \$244 per ounce (2004: \$223 per ounce). Gold production in 2005 was within full-year production guidance and slightly lower than 2004 as higher production at Goldstrike Open Pit was offset by slightly lower production at Goldstrike Underground, the processing of fewer tons at Eskay Creek in 2005 and the cessation and sale of mining operations at Holt-McDermott in 2004. In 2005, total cash costs per ounce increased over 2004 due to lower production levels at Goldstrike Underground and inflationary cost pressures, partly offset by higher toll milling credits and the impact of the change in accounting for stripping costs (see page 65). Total cash costs per ounce were slightly better than the full-year guidance as a result of higher production at Goldstrike Open Pit, partly offset by higher costs at Goldstrike Underground and Round Mountain.

#### *Goldstrike Open Pit, United States*

Production was higher in 2005 than 2004 as a result of mining in areas of the pit with higher ore grades, on completion of the ninth west layback in the second half of the year, partly offset by lower tons processed in the first half of the year due to above average rainfall that impacted mining rates, harder ore encountered that impacted milling rates, and higher toll milling volumes in 2005. Total cash costs per ounce in 2005 were lower than both guidance and 2004 due to the higher production levels and higher toll milling credits, as well as the impact of the change in accounting for stripping costs (see page 65), partly offset by the impact of inflationary cost pressures and higher royalties due to higher market gold prices.

#### *Goldstrike Underground, United States*

In 2005, there was an increase in drift-and-fill mining due to mine sequencing changes to compensate for difficult ground conditions. Lower mining rates due to the increase in drift-and-fill mining, as well as a temporarily plugged backfill raise, were partly offset by a drawdown of stockpiles in the first half of 2005, resulting in lower gold production than guidance and 2004. Lower production levels combined with inflationary cost pressures, higher ground support costs due to difficult ground conditions, an increase in drift-and-fill mining, and higher royalty costs due to higher market gold prices, resulted in higher total cash costs per ounce in 2005 than in 2004, and slightly higher than the guidance for 2005.

#### *Western 102 Power Plant in Nevada, United States*

The 115-megawatt natural gas-fired power plant in Nevada to supply our Goldstrike mine was completed and began operating in December 2005. The construction cost was \$96 million.

#### *Eskay Creek, Canada*

As the mine approaches the end of its reserve life in 2008, lower availability of high-grade direct-to-smelter ore resulted in the mining of more lower-grade ore tons, leading to lower gold production in 2005. Total cash costs per ounce in 2005 were lower than the guidance for the year, but higher than in 2004 due to the lower production levels and lower silver by-product credits (volume-related), partly offset by lower smelter costs and higher silver prices.

#### *Round Mountain (50% Owned), United States*

In 2005, higher recoveries of gold from ore placed on the leach pad were offset by slightly lower tons placed on the pad, resulting in slightly lower production in 2005 over 2004. Tons processed and recovery rates each period do not necessarily correlate to the ounces produced in the period as there is a time delay between placing tons on the leach pad and producing gold. Total cash costs per ounce were slightly lower than the guidance for 2005, although higher than 2004, mainly due to the impact of inflationary cost pressures and the change in accounting for stripping costs (see page 65). The joint venture partners have agreed to proceed with a pit expansion project, resulting in an increase in gold reserves, and an extension of the expected mine life from 2010 to 2015.

#### *East Archimedes, United States*

In 2004, we made a decision to proceed with the East Archimedes project in Nevada. The project is an open-pit, heap leach operation exploiting the East Archimedes deposit, a deeper continuation of the ore mined previously at Ruby Hill. Construction capital is estimated at about \$75 million over an expected two-year construction phase. Gold production is expected to commence by mid-2007. Project highlights include:

- Construction capital costs of \$35 million were incurred in 2005.
- The workforce is in place and all major equipment is in service.
- The remaining balance of the mining fleet was received in fourth quarter 2005.
- Pre-strip activities are in progress.

## South America

The region produced 1,234,000 ounces in 2005 (2004: 646,000 ounces) at total cash costs of \$126 per ounce (2004: \$111 per ounce). After achieving production start-up ahead of schedule in mid-June 2005, Lagunas Norte made a significant contribution to the region's results in the second half of 2005. Veladero had its first gold pour in September 2005 and commenced full production in fourth quarter 2005. We expect these two mines to make a significant contribution to production for the region in 2006 and beyond. In 2005, gold production exceeded guidance for the year due to higher than expected production at Pierina, while total cash costs per ounce were within the range of guidance provided for the year. Total cash costs per ounce were higher than 2004 due to higher total cash costs per ounce at Pierina.

### *Pierina, Peru*

Although mining at Pierina occurred in higher-grade areas of the pit in 2005, lower quantities of run-of-mine ore were placed on the leach pad than in 2004, which led to slightly lower production in 2005. Total cash costs per ounce increased over 2004 due to the impact of inflationary cost pressures, combined with the impact of higher equipment maintenance, labor and ground support costs, partly offset by higher silver by-product credits and the positive impact of the change in accounting for stripping costs (see page 65). Mining costs per ton of ore were higher in 2005 as tons of waste mined increased over 2004. Gold production and total cash costs per ounce in 2005 were slightly higher than guidance.

### *Lagunas Norte, Peru*

The Lagunas Norte mine achieved start-up in June 2005, ahead of schedule, with a capital construction cost of \$323 million. Lagunas Norte produced 550,000 ounces in 2005, at total cash costs of \$110 per ounce, with the mining of higher-grade near-surface ore. Both gold production and total cash costs per ounce were within the range of guidance for the year.

### *Veladero, Argentina*

The Veladero mine had its first gold pour, ahead of schedule, in September 2005. Commissioning activities are complete and the mine is ramping up production levels. Capital construction costs for the project were \$547 million. The mine produced 56,000 ounces in 2005.

### *Pascua-Lama, Chile/Argentina*

In 2004, we made a decision to proceed with the development of the Pascua-Lama project in Chile/ Argentina, contingent on obtaining the necessary permits, approvals and fiscal regimes. We recently received approval of the environmental impact assessment from Chilean environmental regulatory authorities and we are committed to working within the framework of the Resolution granted to us. The Resolution, which was issued on February 17, 2006, imposes certain conditions in connection with the development of the project. We are currently assessing the implications of such conditions and it is possible that, following completion of such assessment, reserves for US reporting purposes could be reduced by up to 1 million ounces. It is expected that reserves for Canadian reporting purposes would remain unchanged. Approval of the environmental impact assessment by Argentine regulatory authorities is targeted for second quarter 2006. The timing of receipt of such approval, as well as the resolution of some of the other external issues, such as permitting and licensing, cross-border operating issues and fiscal, tax and royalty issues are largely beyond our control.

Capital and operating cost estimates for the Pascua-Lama project were based on the cost and commodity price environment prevailing at the time of the updated feasibility study, which was finalized in June 2004. The design of the project has been optimized in the course of the permitting process to incorporate additional operating and construction efficiencies, additional environmental mitigation measures, and other project improvements. We are in the course of updating cost estimates to reflect such changes, inflationary cost pressures and higher commodity prices. Although such factors will result

in some increase in capital and operating cost estimates, based on the current cost and commodity price environment, and combined with other efficiencies, we do not expect significant changes to the overall economics of the project.

### **Australia/Africa**

The region produced 1,332,000 ounces in 2005 (2004: 1,349,000 ounces) at total cash costs of \$280 per ounce (2004: \$243 per ounce). Lower production in 2005 was mainly due to the discontinuation of open pit mining at Plutonic in second quarter 2005 and lower production at Kalgoorlie in the second half of the year, partly offset by new production from Tulawaka. Total cash costs per ounce were higher in 2005 mainly because of inflationary cost pressures, higher exchange rates under hedge contracts, lower tons mined and produced at Bulyanhulu and lower production levels at Plutonic after open-pit mining ended in second quarter 2005.

#### *Kalgoorlie (50% Owned), Australia*

Mill throughput was higher in 2005 due to lower maintenance downtime than in 2004; but gold production was lower in 2005 than 2004. Lower production was the result of mining in lower-grade areas of the pit and lower recovery rates experienced in the second half of 2005, partly offset by higher mill throughput due to improved mill utilization and the positive impact of finer ore sizes. Total cash costs per ounce were within the range of guidance for 2005. The combined impact of lower production levels, inflationary cost pressures and higher exchange rates under hedge contracts, and the effect of the change in accounting for stripping costs (see page 65), resulted in higher total cash costs per ounce in 2005 than in 2004. We are assessing process changes, controls and other management measures for the roaster facility to reduce mercury emissions. Kalgoorlie has installed a first-stage mercury scrubber on its carbon kiln and is assessing the performance of that unit to determine what additional steps might be appropriate. The assessment is continuing, after which we will be able to estimate any capital requirements and operating cost impact associated with such measures.

#### *Plutonic, Australia*

Gold production at Plutonic was lower in 2005, as the mine processed fewer tons of ore after open-pit mining ended in second quarter 2005, also resulting in a higher proportion of ore feed from the underground, which is of a higher grade than open-pit ore. Total cash costs per ounce were higher in 2005 than 2004, mainly due to the combined effect of the lower gold production levels, higher equipment maintenance, higher exchange rates under hedge contracts and inflationary cost pressures, partly offset by lower operating costs related to cessation of open-pit mining and the impact of the change in accounting for stripping costs (see page 65). Total cash costs per ounce were slightly higher than guidance while gold production was within the guidance range.

#### *Bulyanhulu, Tanzania*

Gold production was lower in 2005, mainly due to a combination of lower tons mined and lower ore grades. Tons mined were lower in 2005, mainly due to reduced equipment availability, a hoist gearbox failure and labor issues due to roster changes in 2005. Ore grades were also lower in 2005 as tons were mined from lower-grade stopes. Total cash costs per ounce in 2005 were higher than guidance and 2004 due to the lower gold production levels, inflationary cost pressures and higher administration and underground maintenance costs.

### *Cowal, Australia*

The Cowal project in Australia remains on schedule for its first gold production in first quarter 2006. Construction costs are anticipated to be about ten per cent over the guidance of about \$305 million as a result of the impact of inflationary cost pressures in Australia. We have been taking steps to mitigate cost increases where possible. Project highlights at the end of 2005 include:

- Capitalized costs, including capitalized interest, were \$258 million in 2005.
- Construction of the systems necessary to process oxide ore were over 85% complete.
- Pre-commissioning of the process plant started in mid-December 2005 and the electrical transmission line was commissioned in January 2006.
- Plant-site concrete and buildings were 98% complete.
- About one million tons of ore have been stockpiled to date.

### *Buzwagi, Tanzania*

The drill program at Buzwagi is substantially complete and the results are being compiled. A pre-feasibility study is complete and will be used to support a reserve of 2.4 million ounces under Canadian reporting standards. <sup>1</sup> The permitting process is underway with the Tanzanian authorities and an engineering project consultant has been assigned to initiate a feasibility study to support a production decision.

### *Kabanga (50% Owned), Tanzania*

In April 2005, we entered into a joint-venture agreement with Falconbridge Limited ("Falconbridge") with respect to the Kabanga nickel deposit and related concessions in Tanzania. Falconbridge acquired a 50% indirect interest in respect of the Kabanga project for \$15 million cash and a funding commitment. Falconbridge will be the operator of the joint venture. In 2004, the Kabanga project had an estimated inferred resource of 26.4 million tonnes grading 2.6% nickel. <sup>1</sup> This resource is currently being updated, based on the field work to be completed in 2006.

Over the next several years, Falconbridge has agreed to fund and conduct a further \$50 million work plan that will include additional exploration and infill drilling, and technical work to update the resource model for Kabanga and bring the project towards feasibility. Falconbridge has initiated the establishment of a dedicated team in Tanzania to coordinate and advance the work plan. After expenditure of \$50 million, Falconbridge will decide on whether to proceed with the project. If Falconbridge proceeds with the project, they will fund the next \$95 million of any project development expenditures to advance the Kabanga project. Thereafter, Falconbridge and Barrick will share equally in joint-venture revenues and expenditures.

### **Russia/Central Asia**

In 2005, we continued to focus on developing our operations in the region. In April 2005, we spent \$50 million to increase our ownership in Highland Gold Mining PLC ("Highland Gold") from 14% to 20%. Our 20% ownership interest is reflected in our Financial Statements and production statistics on an equity basis. We continue to work with Highland Gold on projects where we have the option to acquire a joint interest. We established a project office in Moscow and appointed a Regional Vice President to lead the development of our business in the region.

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1. Calculated in accordance with National Instrument 43-101 as required by Canadian securities regulatory authorities. For United States reporting purposes, Industry Guide 7 (under the Securities Exchange Act of 1934), as interpreted by the Staff of the SEC, applies different standards in order to classify mineralization as a reserve. Accordingly, for US reporting purposes, Buzwagi is classified as mineralized material. For additional information on reserves see the tables on pages 126-129.

## Other Costs and Expenses

### Exploration, Development and Business Development Expense

(\$ millions)				
For the years ended December 31	2005	2004	2003	Comments on significant trends and variances
<b>Exploration</b>				
North America	\$ 29	\$ 26	\$ 19	2005 vs 2004 — Higher activity at Goldstrike. 2004 vs 2003 — Higher activity at Goldstrike, Eskay Creek and Round Mountain.
Australia/Africa	41	38	22	2005 vs 2004 — Higher activity at Bulyanhulu. 2004 vs 2003 — Higher activity in Tanzania, primarily at the Buzwagi project.
South America	19	20	19	
Russia/Central Asia	6	5	4	2005 vs 2004 — Higher activity to support development of the new business unit.
Other countries	3	1	—	
Mine development	12	22	53	2005 vs 2004 — In 2004, we expensed Lagunas Norte development costs totaling \$9 million until May 1, when the project achieved the criteria to classify mineralization as a reserve for US reporting purposes. 2004 vs 2003 — In 2003, we expensed development costs at Lagunas Norte totaling \$29 million, and at Veladero totaling \$18 million until October 2003 when the project achieved the criteria to classify mineralization as a reserve for US reporting purposes.
Non-capitalizable project costs	16	7	—	Non-capitalizable costs mainly represent items incurred in the development/construction phase that cannot be capitalized.
Business development/other	15	22	20	2005 vs 2004 — Decrease in overhead costs associated with the administration of exploration and development programs.
<b>Total</b>	<b>\$ 141</b>	<b>\$ 141</b>	<b>\$ 137</b>	

### Amortization Expense

(\$ millions, except per ounce amounts in dollars)							
For the years ended December 31							
	2005	Incr. (decr.) due to		2004	2005	2004	Comments on other variances
	Amount	Sales volumes <sup>1</sup>	Other	Amount	Per ounce	Per ounce	
Goldstrike Open Pit	\$ 90	\$ 3	\$ 4	\$ 83	\$ 60	\$ 61	Capital additions in 2005, partly offset by an increase in reserves.
Goldstrike Underground	60	(6)	—	66	119	120	Capital additions in 2005, offset by an increase in reserves.
Eskay Creek	26	(21)	(4)	51	153	176	Writedown of book value in 2004, partly offset by an increase in amortization due to a decrease in reserves.
Round Mountain	17	—	—	17	45	47	Capital additions in 2005, offset by an increase in reserves.
Lagunas Norte	29	29	—	—	53	—	
Pierina	72	(2)	(33)	107	115	165	Increase in reserves and transfer of certain assets to Lagunas Norte in 2005.
Kalgoorlie	20	(3)	3	20	49	44	Capital additions in 2005.
Plutonic	10	(2)	1	11	39	34	Capital additions in 2005.
Bulyanhulu	34	(2)	2	34	113	100	Capital additions in 2005.
Other mines	51	13	2	36	63	59	
Sub total	409	9	(25)	425			
Corporate assets	18			27			
<b>Total</b>	<b>\$ 427</b>			<b>\$ 452</b>			

1. For explanation of changes in sales volumes refer to page 43.

## Amortization Expense (cont'd)

(\$ millions, except per ounce amount in dollars)  
For the years ended December 31

		Incr. (decr.) due to					
	2004 Amount	Sales volumes <sup>1</sup>	Other	2003 Amount	2004 Per ounce	2003 Per ounce	Comments on other variances
Goldstrike Open Pit	\$ 83	\$ (4)	\$ —	\$ 87	\$ 61	\$ 53	Capital additions in 2004, partly offset by an increase in reserves.
Goldstrike Underground	66	(6)	(1)	73	120	122	Increase in reserves, partly offset by capital additions in 2004.
Eskay Creek	51	(8)	12	47	176	132	Decrease in reserves and capital additions in 2004.
Round Mountain	17	—	(3)	20	47	54	Increase in reserves, and a decrease in property, plant and equipment as amortization exceeds capital additions in the year.
Pierina	107	(48)	(11)	166	165	182	Increase in reserves.
Kalgoorlie	20	1	(1)	20	44	48	Increase in reserves.
Plutonic	11	—	1	10	34	31	Capital additions in 2004, partly offset by an increase in reserves.
Bulyanhulu	34	3	(6)	37	100	123	
Other mines	36	(3)	2	37	59	57	Capital additions at Hemlo and Marigold.
Sub total	425	(65)	(7)	497			
Corporate assets	27			25			
Total	\$ 452			\$ 522			

1. For explanation of changes in sales volumes refer to page 43.

## Corporate Administration, Interest Income and Interest Expense

(\$ millions)  
For the years ended December 31

	2005	2004	2003	Comments
<b>Corporate administration</b>	\$ 71	\$ 71	\$ 73	2004 vs 2003 — Severance costs of \$9 million in 2003, with higher regulatory compliance costs in 2004.
<b>Interest income</b>	(38)	(25)	(31)	2005 vs 2004 — Increase in the average cash balance, combined with an increase in market interest rates. 2004 vs 2003 — Lower average cash balances in 2004, combined with higher gains on cash hedges in 2003.
<b>Interest costs</b>				
Incurred	125	60	49	Increase mainly due to new financing put in place in 2004 and 2005. Average long-term debt outstanding increased from \$0.8 billion in 2003 to \$0.9 billion in 2004 to \$1.8 billion in 2005.
Capitalized	(118)	(41)	(5)	2005 vs 2004 — Increased amounts were capitalized in 2005 to Pascua-Lama, Cowal, Veladero, and Lagunas Norte development projects as construction costs were incurred and capitalized. Capitalization at Lagunas Norte ceased in third quarter 2005, while capitalization at Veladero ceased in fourth quarter 2005. Average book value of these four projects was \$1.3 billion in 2005 and \$0.6 billion in 2004. 2004 vs 2003 — Higher amounts were capitalized at development projects due to construction costs capitalized in 2004, and capitalization at Pascua-Lama from July 1, 2004.
Expensed	\$ 7	\$ 19	\$ 44	We expect interest expense to increase in 2006 over 2005 as Lagunas Norte and Veladero started production and ceased interest capitalization in third quarter and fourth quarter 2005, respectively.



## Impairment of Long-lived Assets

(\$ millions)				
For the years ended December 31	2005	2004	2003	Comments
Impairment charge — Eskay Creek	\$ —	\$ 58	\$ —	In 2004, we completed an impairment test for the Eskay Creek mine, due to a downward revision to reserves, the continued weakening of the US dollar that impacts Canadian dollar operating costs, and upward revisions in asset retirement obligation costs.
Impairment charge — Peruvian exploration properties	—	67	—	We completed an impairment test in 2004 on a group of Peruvian exploration-stage properties based on finalization of the exploration program for the year and an updated assessment of future plans for the property.
Impairment charge — other	—	14	5	2004 includes writedown on various exploration-stage properties.
Total	\$ —	\$ 139	\$ 5	

## Other (Income) Expense

(\$ millions)				
For the years ended December 31	2005	2004	2003	Comments
Non-hedge derivative gains	\$ (6)	\$ (5)	\$ (71)	The gains and losses arise primarily due to changes in commodity prices, currency exchange rates and interest rates.
Gains on asset sales	(5)	(36)	(36)	In 2005, we sold certain land positions in Australia. In 2004, we sold various mining properties, including the Holt-McDermott mine in Canada and certain land positions around our inactive mine sites in the United States. In 2003, we sold various mining properties, including several land positions around inactive mine sites in the United States, as well as the East Malartic Mill and Bousquet mine in Canada. The majority of these land positions were fully amortized in prior years and therefore any proceeds generated gains on sale, before selling costs and taxes.
Gain on Kabanga transaction	(15)	—	—	Gain recorded in 2005 relates to the closing of a transaction with Falconbridge.
Gains on investment sales	(17)	(6)	(4)	2005 vs 2004 — \$10 million of the gains in 2005 related to the sale of investments held in a rabbi trust for a deferred compensation plan. Other gains in all years mainly relate to the sale of various other investments.
Impairment charges on investments	16	5	11	2005 impairment charge relates to the writedown of two investments which were determined to be impaired. 2003 impairment charge relates mainly to investments under a deferred compensation plan.
Changes in asset retirement obligations at closed mines	15	22	10	Charges relate to revisions to cost estimates at various closed mines.
Environmental remediation costs	13	14	38	In 2003, three North American mines shut down and two South American mines had recently shut down, and as a result the expenditures were very high in this year.
Accretion expense	10	7	7	
Currency translation (gains) losses	(3)	1	(2)	In 2005, gains reflect the strengthening of the Canadian dollar on monetary assets.
Other items	59	41	41	Includes charges for World Gold Council fee, legal costs for major litigation and certain costs incurred at our regional business units.
Total	\$ 67	\$ 43	\$ (6)	

## Income Taxes

For the years ended December 31 (\$ millions, except percentages) Effective income tax rates on elements of income	2005			2004			2003		
	Pre-tax income	Effective tax rate	Income tax expense (recovery)	Pre-tax income	Effective tax rate	Income tax expense (recovery)	Pre-tax income	Effective tax rate	Income tax expense (recovery)
Income tax expense before elements below	\$ 455	21%	\$ 97	\$ 45	53%	\$ 24	\$ 222	30%	\$ 67
Change in Australian tax status			(5)			(81)			—
Outcome of tax uncertainties			—			(141)			—
Release of deferred tax valuation allowances recorded in prior years			(32)			(5)			(62)
			\$ 60			\$ (203)			\$ 5

Income tax expense increased in 2005 in comparison to the tax recoveries in 2004, as the 2004 tax recoveries arose primarily with respect to the change in Australian tax status and the outcome of tax uncertainties. Our underlying tax rate decreased to 21% in 2005 in part due to the impact of a lower amount of deliveries into gold sales contracts in a low tax-rate jurisdiction at prices below the prevailing spot market gold price than in 2004. A shift in the geographic mix of gold production, and therefore income before taxes, towards jurisdictions with lower tax rates also contributed to a reduction in the underlying tax rate.

As gold prices increase, our underlying tax rate also increases, reaching about 29% with market prices at or above \$475 per ounce. This expected underlying rate excludes the effect of gains and losses on non-hedge derivatives, the effect of delivering into gold sales contracts in a low tax-rate jurisdiction at prices below prevailing market prices, and any release of deferred tax valuation allowances.

We record deferred tax charges or credits if changes in facts or circumstances affect the estimated tax basis of assets and therefore the amount of deferred tax assets or liabilities or because of changes in valuation allowances reflecting changing expectations in our ability to realize deferred tax assets. In 2005, we released valuation allowances totaling \$32 million, of which \$31 million related to Argentina, in anticipation of higher levels of future taxable income after production began at Veladero, and also due to the impact of higher market gold prices. In 2004, we recorded a tax credit of \$141 million on final resolution of a Peruvian tax assessment in our favor, as well as the reversal of other accrued costs totaling \$21 million (\$15 million post-tax). We also recorded credits of \$81 million due to a change in tax status in Australia following an election that resulted in a revaluation of assets for tax purposes; and also an election to file tax returns in US dollars, rather than Australian dollars. In 2005, we revised our estimate of the revaluation of assets for tax purposes due to the change in status, and recorded a further deferred tax credit of \$5 million.

The interpretation of tax regulations and legislation and their application to our business is complex and subject to change. We have significant amounts of deferred tax assets, including tax loss carry forwards, and also deferred tax liabilities. Potential changes to any of these amounts, as well as our ability to realize deferred tax assets, could significantly affect net income or cash flow in future periods. For more information on tax valuation allowances, see page 71.

## Quarterly Information

(\$ millions, except where indicated)	2005				2004			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Gold sales	\$ 776	\$ 627	\$ 463	\$ 484	\$ 501	\$ 500	\$ 454	\$ 477
Net income	175	113	53	60	156	32	34	26
Net income per share — basic (dollars)	0.33	0.21	0.10	0.11	0.30	0.06	0.06	0.05
Net income per share — diluted (dollars)	0.32	0.21	0.10	0.11	0.29	0.06	0.06	0.05

Our financial results for the last eight quarters reflect the following general trends: rising spot gold prices with a corresponding rise in prices realized from gold sales; and rising gold production and sales volumes as our new mines began production in 2005. These historic trends are discussed elsewhere in this MD&A. The quarterly trends are consistent with explanations for annual trends over the last two years. Net income in each quarter also reflects the timing of various special items that are presented in the table on page 54.

## Fourth Quarter Results

In fourth quarter 2005, we produced 1.65 million ounces at total cash costs of \$221 per ounce <sup>1</sup> compared to 1.17 million ounces at total cash costs of \$223 per ounce in the prior-year quarter. Revenue for fourth quarter 2005 was \$776 million on gold sales of 1.65 million ounces, compared to \$501 million in revenue on gold sales of 1.2 million ounces for the prior-year quarter. Sales volumes increased due to the contribution from new mines that began production in 2005. During the quarter, spot gold prices averaged \$486 per ounce. We realized an average price of \$467 per ounce during the quarter compared to \$417 per ounce in the prior-year quarter mainly due to higher spot gold prices. Earnings for fourth quarter 2005 were \$175 million (\$0.32 per share on a diluted basis), \$19 million (\$0.03 per share on a diluted basis) higher than the prior-year quarter. The increase in earnings over the prior-year quarter reflects higher gold sales volumes and realized gold prices, partly offset by the impact of special items.

## Effect on Earnings Increase (Decrease)

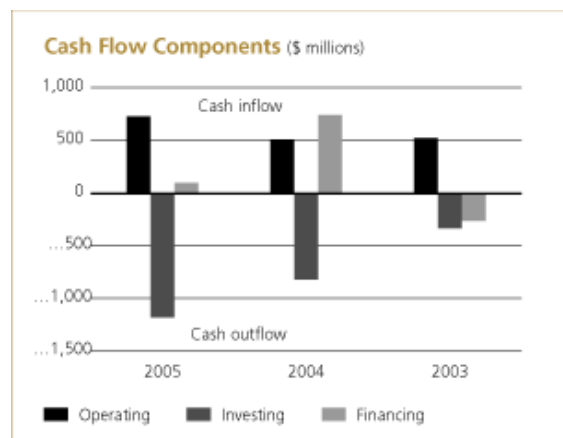
(\$ millions)	Three months ended December 31			
	2005		2004	
	Pre-tax	Post-tax	Pre-tax	Post-tax
Non-hedge derivative gains (losses)	\$ (1)	\$ (1)	\$ 6	\$ 6
Gains on sales of investments and mining properties	8	8	35	25
Impairment charges on long-lived assets and investments	(13)	(13)	(135)	(93)
Change in asset retirement obligation estimates	(2)	(3)	(19)	(15)
Deferred stripping accounting changes				
Impact on the period compared to previous policy	35	24	—	—
Resolution of Peruvian tax assessment	—	—	21	156
Deferred tax credits				
Change in Australian tax status	—	5	—	48
Other	—	32	—	—
<b>Total</b>	<b>\$ 27</b>	<b>\$ 52</b>	<b>\$ (92)</b>	<b>\$ 127</b>

In fourth quarter 2005, we generated operating cash flow of \$269 million compared to operating cash flow of \$123 million in the prior-year quarter. Higher operating cash flow primarily relates to the combined effect of higher gold sales volumes and higher realized gold prices.

1. Total cash costs per ounce excludes amortization — see pages 44-45.

## Liquidity, Capital Resources and Financial Position

### Cash Flow



### Operating Activities

Operating cash flow increased by \$217 million in 2005 to \$726 million. The key factors that contributed to the year over year decrease are summarized in the table below.

### Key Factors Affecting Operating Cash Flow

(\$ millions) For the years ended December 31				Impact on comparative operating cash flows		Comments on significant trends and variances
	2005	2004	2003	2005 vs 2004	2004 vs 2003	
<b>Gold sales volumes</b> (000s oz)	<b>5,320</b>	4,936	5,554	\$ 68	\$ (109)	See page 43.
<b>Realized gold prices</b> (\$/oz)	<b>\$ 439</b>	\$ 391	\$ 366	255	123	See page 43.
<b>Total cash costs (\$/oz)</b>	<b>227</b>	214	189	(69)	(123)	See page 44.
<b>Sub-total</b>				254	(109)	
<b>Other inflows (outflows)</b>						
Income tax payments	(80)	(45)	(111)	(35)	66	2005 vs 2004 — Increased payments in 2005 relate to higher gold prices and the start of Lagunas Norte production. 2004 vs 2003 — Large payment in 2003 paid to Canadian tax authorities in relation to 2002 final payment.
Increase in inventories	(151)	(51)	(1)	(100)	(50)	Due to build-up of both ore and supplies inventory at operating mines, particularly for mines that went into production in 2005.
Other non-cash working capital	68	(65)	(45)	133	(20)	2005 vs 2004 — Increase in accounts payable in 2005 mainly due to timing of payments and for mines that began production in 2005. 2004 vs 2003 — Increase in taxes recoverable in 2004 relating to input taxes on mine construction costs.
Interest expense	7	19	44	12	25	See page 51.
Cost of Inmet settlement in 2003	—	—	86	—	86	
Effect of other factors				(47)	(8)	
<b>Total</b>				<b>\$ 217</b>	<b>\$ (10)</b>	

## Investing Activities

(\$ millions)				
For the years ended December 31	2005	2004	2003	Comments
<b>Growth capital expenditures<sup>1</sup></b>				
Veladero	\$ 213	\$ 284	\$ 68	Costs mainly relate to construction activity. Production start-up in fourth quarter 2005.
Lagunas Norte	100	182	4	Construction activity started in second quarter 2004. Production start-up in second quarter 2005.
Cowal	258	73	24	Construction activity started in second quarter 2004. Higher levels of activity in 2005, leading up to production start-up expected in first quarter 2006.
Tulawaka	5	48	1	Costs mainly relate to construction activity. Production start-up in first quarter 2005.
Pascua-Lama	98	35	9	Higher levels of activity since decision in mid-2004 to proceed with the project, as well as capitalized interest since mid-2004.
Western 102 Power Plant	80	18	—	Construction activity started in first quarter 2004. Higher levels of activity in 2005 in lead-up to production start-up in the fourth quarter.
East Archimedes	35	—	—	Construction activity started in first quarter 2005.
<b>Sub-total</b>	<b>\$ 789</b>	<b>\$ 640</b>	<b>\$ 106</b>	
<b>Sustaining capital expenditures</b>				
North America	\$ 103	\$ 86	\$ 80	Higher sustaining capital expenditures at Goldstrike in 2005, in particular, a 100-ton shovel purchase and higher budgeted expenditures in general.
Australia/Africa	90	83	115	2003 was higher due to a transition to owner-mining at Plutonic that resulted in equipment purchases.
South America	114	8	17	Purchases of equipment at newly operational mines.
Other	8	7	4	
<b>Sub-total</b>	<b>\$ 315</b>	<b>\$ 184</b>	<b>\$ 216</b>	
<b>Total</b>	<b>\$ 1,104</b>	<b>\$ 824</b>	<b>\$ 322</b>	

1. Includes both construction costs and capitalized interest.

We plan to fund the expected capital expenditures for 2006 from a combination of our \$1 billion cash position at the end of 2005, and operating cash flow that we expect to generate in 2006. We are considering putting in place project financing for a portion of the mine construction costs at Pascua-Lama.

On February 14, 2006, we entered into an agreement with Antofagasta plc ("Antofagasta") to acquire 50% of Tethyan Copper Company's ("Tethyan") Reko Diq project and associated mineral interests in Pakistan in the event that Antofagasta is successful in its bid to acquire Tethyan. If Antofagasta's bid is successfully completed, we will reimburse Antofagasta approximately \$100 million in cash for 50% of the acquisition, including the claw-back right to be acquired or extinguished from BHP Billiton who has a right to claw-back a material interest in certain Tethyan's mineral interests.

## Financing Activities

The most significant financing cash flows in 2005 were \$179 million on issue of new long-term debt obligations, \$92 million received on the exercise of employee stock options partly offset by dividend payments made totaling \$118 million. We also made scheduled payments under our long-term debt obligations totaling \$59 million in 2005.

## Liquidity

### Liquidity Management

Liquidity is managed dynamically, and factors that could impact liquidity are regularly monitored. The primary factors that affect liquidity include gold production levels, realized gold sales prices, cash production costs, future capital expenditure requirements, scheduled repayments of long-term debt obligations, our credit capacity and expected future debt market conditions. Working capital requirements have not historically had a material effect on liquidity. Counterparties to the financial instruments and gold sales contracts that we hold do not have unilateral and discretionary rights to accelerate settlement of financial instruments or gold sales contracts, and we are not subject to any margin calls.

Through the combination of a strong balance sheet and positive operating cash flows, we have been able to secure financing, as required, to fund our capital projects. We had three new mines start in 2005, with a fourth scheduled to start production in first quarter 2006. The costs of construction for these projects were financed through a combination of operating cash flows and the issuance of long-term debt financing. While we consider our liquidity profile to be sound with no reasonably foreseeable trends, demands, commitments, events or circumstances expected to prevent us from funding the capital needed to complete our projects and implement our strategy, no assurance can be given that additional capital investments will not be required to be made at these or other projects. If we are unable to generate enough cash to finance such additional capital expenditures through operating cash flow and we are unable or choose not to issue common stock, we may be required to issue additional indebtedness. Any additional indebtedness would increase our debt payment obligations, and may negatively impact our results of operations.

### Capital Resources

Adequate funding is in place or available for all our development projects. We plan to put in place project financing for a portion of the expected construction cost of Pascua-Lama; however, if we are unable to do so because of unforeseen political or other challenges, we expect to be able to fund the capital required through a combination of existing capital resources and future operating cash flows. We may also invest capital in Russia and Central Asia in 2006 to acquire interests in mineral properties as we develop our business unit there. We expect that any capital required will be funded from a combination of our existing cash position and operating cash flow in 2006.

The total estimated acquisition cost of Placer Dome is \$10.1 billion of which approximately \$1.3 billion is the cash portion that is funded by drawing upon our \$1 billion credit facility, with the balance from our cash position. We expect to close the sale of certain Placer Dome operations to Goldcorp in the first half of 2006 and receive cash consideration of about \$1.5 billion from Goldcorp that will be used to repay amounts borrowed, with respect to the Placer Dome acquisition, on our \$1 billion credit facility.

### Capital Resources <sup>1</sup>

(\$ millions)			
For the years ended December 31			
	2005	2004	2003
Opening capital resources	\$ 2,476	\$ 1,970	\$ 2,044
<b>New sources</b>			
Operating cash flow	726	509	519
New and increases to financing facilities <sup>2</sup>	134	1,056	—
	3,336	3,535	2,563
<b>Allocations</b>			
Growth capital <sup>3</sup>	(789)	(640)	(106)
Sustaining capital <sup>3</sup>	(315)	(184)	(216)
Dividends	(118)	(118)	(118)
Share buyback	—	(95)	(154)
Other	(30)	(22)	1
<b>Closing capital resources</b>	\$ 2,084	\$ 2,476	\$ 1,970
<b>Components of closing capital resources</b>			
Cash and equivalents <sup>5</sup>	\$ 1,037	\$ 1,398	\$ 970
Unutilized credit facilities <sup>4, 5</sup>	1,047	1,078	1,000
<b>Total</b>	\$ 2,084	\$ 2,476	\$ 1,970

- Capital resources include cash balances and sources of financing that have been arranged but not utilized.
- In 2005, includes the \$50 million Peruvian bond offering and \$84 million lease facility for Lagunas Norte. In 2004, includes the \$250 million Veladero project financing, \$750 million bond offering, and \$56 million lease facility for Lagunas Norte.
- Growth capital represents capital invested in new projects to bring new mines into production. Sustaining capital represents ongoing capital required at existing mining operations. Sum of growth and sustaining capital equals capital expenditures for the year.
- Subsequent to December 31, 2005, we drew upon our \$1 billion credit facility to fund the Placer Dome acquisition. Amounts drawn will be repaid upon closure of sales of specific Placer Dome operations to Goldcorp.
- Excludes Placer Dome capital resources. At December 31, 2005, Placer Dome had \$880 million of cash and equivalents and \$873 million of undrawn bank lines of credit available of which \$300 million was drawn subsequent to year end.

## Credit Rating

At February 10, 2006 from major rating agencies:

Standard & Poor's ("S&P")	A-
Moody's	Baa1
DBRS	A

In 2006, following the acquisition of Placer Dome, our ratings were reviewed and confirmed by Moody's and DBRS. S&P lowered our rating from 'A' to 'A-', reflecting Placer Dome's lower rating. Our ability to access unsecured debt markets and the related cost of debt financing is, in part, dependent upon maintaining an acceptable credit rating. A deterioration in our credit rating would not adversely affect existing debt securities or the terms of gold sales contracts, but could impact funding costs for any new debt financing. The key factors that are important to our credit rating include the following: our market capitalization; the strength of our balance sheet, including the amount of net debt and our debt-to-equity ratio; our net cash flow, including cash generated by operating activities and expected capital expenditure requirements; the quantity of our gold reserves; and our geo-political risk profile.

## Financial Position

### Key Balance Sheet Ratios

As at December 31

	2005	2004
Non-cash working capital (\$ millions) <sup>1</sup>	\$ 151	\$ 141
Net debt (\$ millions) <sup>2</sup>	\$ 764	\$ 288
Net debt: equity ratio <sup>3</sup>	0.20:1	0.08:1
Current ratio <sup>4</sup>	3.12:1	4.66:1

1. Represents current assets, excluding cash and equivalents, less current liabilities.

2. Represents long-term debt less cash and equivalents.

3. Represents net debt divided by shareholders' equity.

4. Represents current assets divided by current liabilities.

Non-cash working capital increased in 2005 mainly due to increases in inventory levels to support new mines that began production. Capital expenditures exceeded operating cash flow in 2005, resulting in a higher net debt position at the end of 2005. Lower cash balances, partly offset by higher inventory balances, caused our current ratio to decrease at the end of 2005.

## Shareholders' Equity

### Outstanding Share Data

As at February 10, 2006, 827.7 million of our common shares, one special voting share and 1.4 million exchangeable shares (exchangeable into 0.7 million of our common shares) were issued and outstanding. As at February 10, 2006, options to purchase 20.2 million common shares were outstanding under our option plans, as well as options to purchase 0.3 million common shares under certain option plans inherited by us in connection with prior acquisitions. We intend to acquire the remaining 6% interest in Placer Dome through a compulsory acquisition procedure that would involve the issuance of additional common shares. For further information regarding the outstanding shares and stock options, please refer to the Financial Statements and our 2005 Management Information Circular and Proxy Statement.

### Dividend Policy

In each of the last four years, we paid a total cash dividend of \$0.22 per share — \$0.11 in mid-June and \$0.11 in mid-December. The amount and timing of any dividends is within the discretion of our Board of Directors. The Board of Directors reviews the dividend policy semi-annually based on the cash requirements of our operating assets, exploration and development activities, as well as potential acquisitions, combined with our current and projected financial position.

### Comprehensive Income

Comprehensive income consists of net income or loss, together with certain other economic gains and losses that collectively are described as "other comprehensive income" or "OCI", and excluded from the income statement.

In 2005, the other comprehensive loss of \$100 million mainly included gains of \$23 million on hedge contracts designated for future periods caused primarily by changes in currency exchange rates and fuel prices; offset by reclassification adjustments totaling \$134 million for gains on hedge contracts designated for 2005 that were transferred to earnings in 2005; and a \$8 million unrealized decrease in the fair value of investments.



Included in other comprehensive income at December 31, 2005 were unrealized pre-tax gains on currency hedge contracts totaling \$171 million, based on December 31, 2005 market foreign exchange rates. The related hedge contracts are designated against operating costs and capital expenditures primarily over the next three years, and are expected to help protect against the impact of strengthening of the Australian and Canadian dollar against the US dollar. The hedge gains are expected to be recorded in earnings at the same time as the corresponding hedged operating costs and amortization of capital expenditures are also recorded in earnings.

## Contractual Obligations and Commitments <sup>1</sup>

(\$ millions) At December 31, 2005	Payments due						Total
	2006	2007	2008	2009	2010	2011 and thereafter	
<b>Contractual obligations</b>							
Long-term debt (1)							
Repayment of principal	\$ 62	\$ 589	\$ 79	\$ 67	\$ 28	\$ 894	\$1,719
Interest (1)	102	79	56	51	49	696	1,033
Asset retirement obligations (2)	37	30	24	48	33	498	670
Capital leases	19	23	19	19	16	1	97
Operating leases	13	13	13	14	14	9	76
Royalty arrangements and other long-term liabilities (3)	79	70	67	71	65	579	931
Purchase obligations for supplies and consumables	109	89	53	24	17	20	312
Capital commitments (4)	85	—	—	—	—	—	85
<b>Total</b>	<b>\$ 506</b>	<b>\$ 893</b>	<b>\$ 311</b>	<b>\$ 294</b>	<b>\$ 222</b>	<b>\$ 2,697</b>	<b>\$4,923</b>

1. Excludes any Placer Dome obligations and commitments.

## Contractual Obligations and Commitments

### (1) Long-term Debt and Interest

Our debt obligations do not include any subjective acceleration clauses or other clauses that enable the holder of the debt to call for early repayment, except in the event that we breach any of the terms and conditions of the debt or for other customary events of default. The Bulyanhulu and Veladero financings are collateralized by assets at the Bulyanhulu and Veladero mines, respectively. Other than this security, we are not required to post any collateral under any debt obligations. The terms of our debt obligations would not be affected by a deterioration in our credit rating. Projected interest payments on variable rate debt was based on interest rates in effect at December 31, 2005. Interest is calculated on our long-term debt obligations using both fixed and variable rates.

### (2) Asset Retirement Obligations

Amounts presented in the table represent the undiscounted future payments for the expected cost of asset retirement obligations.

### (3) Royalties and Other Long-term Liabilities

Virtually all of the royalty arrangements give rise to obligations as we produce gold. In the event that we do not produce gold at our mining properties, we have no payment obligation to the royalty holders. The amounts disclosed are based on expected future gold production, using a gold price range assumption of \$450—\$475 per ounce. The most significant royalty agreements are disclosed in note 6 to our Financial Statements. Based on 2005 production levels, an increase in market gold prices by \$25 per ounce would result in an annual increase in royalty payments by approximately \$8 million.



Other long-term liabilities includes pension and post-retirement benefits funding in 2006. Funding beyond 2006 is not included in this table as it cannot be reasonably estimated given variable market conditions and actuarial assumptions. In 2006, we expect to make contributions to pension and post-retirement benefits plans totaling \$6 million. Other long-term liabilities include derivative liabilities. Payments related to derivative contracts cannot be reasonably estimated given variable market conditions. Refer to note 16c to the Financial Statements.

#### **(4) Capital Commitments**

Purchase obligations for capital expenditures include only those items where binding commitments have been entered into. Commitments at the end of 2005 mainly related to construction at our development projects.

##### **Capital Expenditures Not Yet Committed**

We expect to incur capital expenditures during the next five years for Barrick projects, Placer Dome acquired projects and producing mines. The primary Barrick project is Pascua-Lama (refer to page 47 for further details) and the significant Placer Dome projects include Pueblo Viejo, Cortez Hills and Donlin Creek. We are currently in the process of reviewing the capital requirements for the acquired Placer Dome projects and producing mines.

##### **Payments to Maintain Land Tenure and Mineral Property Rights**

In the normal course of business, we are required to make annual payments to maintain title to certain of our properties and to maintain our rights to mine gold at certain of our properties. If we choose to abandon a property or discontinue mining operations, the payments relating to that property can be suspended, resulting in our rights to the property lapsing. The validity of mining claims can be uncertain and may be contested. Although we have attempted to acquire satisfactory title to our properties, some risk exists that some titles, particularly title to undeveloped properties, may be defective.

##### **Contingencies — Litigation**

We are currently subject to various litigation as disclosed in note 24 to the Financial Statements, and we may be involved in disputes with other parties in the future that may result in litigation. If we are unable to resolve these disputes favorably, it may have a material adverse impact on our financial condition, cash flow and results of operations.

##### **Financial Instruments**

We use a mixture of cash and long-term debt to maintain an efficient capital structure and ensure adequate liquidity exists to meet the cash needs of our business. A discussion of our liquidity and capital structure can be found on page 55. We use interest rate contracts to mitigate interest rate risk that is implicit in our cash balances and outstanding long-term debt. In the normal course of business, we are inherently exposed to currency and commodity price risk. We use currency and commodity hedging instruments to mitigate these inherent business risks. We also hold certain derivative instruments that do not qualify for hedge accounting treatment. These non-hedge derivatives are described in note 16 to our Financial Statements. For a discussion of certain risks and assumptions that relate to the use of derivatives, including market risk, market liquidity risk and credit risk, refer to notes 16e and 16f to our Financial Statements. For a discussion of the methods used to value financial instruments, as well as any significant assumptions, refer to note 16d to our Financial Statements.

## Summary of Financial Instruments <sup>1</sup>

As at and for the year ended December 31, 2005

Financial Instrument	Principal/ Notional Amount	Associated Risks	Amounts Recorded in Earnings	Amounts Not Recorded in Earnings
Cash and equivalents	\$1,037 million	■ Interest rate ■ Credit	Interest income less hedge gains on cash hedging instruments — 2005 — \$32 million; 2004 — \$6 million; 2003 — \$13 million	Nil
Investments in available-for-sale securities	\$62 million	■ Market	Other income/expense — 2005 — \$1 million gain; 2004 — \$1 million gain; 2003 — \$7 million loss	\$12 million gain in OCI
Long-term debt	\$1,721 million	■ Interest rate	Interest costs — 2005 — \$7 million expensed (\$118 million capitalized); 2004 — \$19 million expensed (\$41 million capitalized); 2003 — \$44 million expensed (\$5 million capitalized)	Fair value greater than carrying value by \$26 million
Hedging instruments — currency contracts	C\$788 million A\$2,213 million ARS 36 million	■ Market/Liquidity ■ Credit	Hedge gains in cost of sales, corporate administration and amortization — 2005 — \$120 million; 2004 — \$112 million; 2003 — \$65 million	\$171 million gain in OCI
Cash hedging instruments — interest rate contracts	\$425 million	■ Market/Liquidity ■ Credit	Hedge gains/losses in interest income — 2005 — \$6 million gain; 2004 — \$19 million gain; 2003 — \$18 million gain	\$2 million loss in OCI
Debt hedging instruments — interest rate contracts	\$500 million	■ Market/Liquidity ■ Credit	Change in fair value recorded in earnings — 2005 — \$13 million loss; 2004 — \$2 million gain; 2003 — \$9 million gain	Nil
Hedging instruments — fuel and propane contracts	Fuel — 2 million barrels Propane — 17 million gallons	■ Market/Liquidity ■ Credit	Hedge gains in cost of sales — 2005 — \$10 million; 2004 — \$4 million; 2003 — \$nil	\$38 million gain in OCI
Non-hedge derivatives	Various	■ Market/Liquidity ■ Credit	Gains in other income/expense — 2005 — \$6 million; 2004 — \$5 million; 2003 — \$71 million	Nil

1. Refer to pages 61-64 for information on gold and silver sales contracts.

## Off-Balance Sheet Arrangements

### Gold and Silver Sales Contracts

We have historically used gold and silver sales contracts as a means of selling a portion of our annual gold and silver production. The contracting parties are bullion banks whose business includes entering into contracts to purchase gold or silver from mining companies. Since 2001, we have been focusing on reducing the level of outstanding gold and silver sales contracts. The terms of our fixed-price gold and silver sales contracts enable us to deliver gold and silver whenever we choose over the primarily ten-year term of the contracts. In 2005, we reduced our fixed-price gold sales contracts position by 1.0 million ounces through delivery of 0.8 million ounces of our gold production and the conversion of 0.2 million ounces to floating spot price contracts.

### Project Gold Sales Contracts

In July 2004, we announced a decision to proceed with the Pascua-Lama project ("Pascua-Lama") subject to receiving required permits and clarification of the applicable fiscal regimes from the governments of Argentina and Chile.

In anticipation of building Pascua-Lama and in support of any related financing, we have 6.5 million ounces of existing fixed-price gold sales contracts specifically allocated to Pascua-Lama (the "Project

Gold Sales Contracts"). The allocation of these contracts will help reduce gold price risk at Pascua-Lama and is expected to help secure the financing for its construction. We expect the allocation of these contracts to eliminate any requirement by lenders to add any incremental gold sales contracts in the future to support the financing of Pascua-Lama. The forward sales prices on our Project Gold Sales Contracts have not been fully fixed, and thus remain sensitive to long-term interest rates. For these contracts, increasing long-term interest rates in the fourth quarter resulted in a higher expected realizable sales price for these contracts. If long-term interest rates continue to rise, we anticipate the expected realizable sales price to increase.

As part of our Master Trading Agreements ("MTAs"), Project Gold Sales Contracts are not subject to any provisions regarding any financial go-ahead decisions with construction, or any possible delay or change in the project.

### Key Aspects of Pascua-Lama Gold Sales Contracts

(as of December 31, 2005)

Expected delivery dates. <sup>1</sup>	2009–2018, the term of the expected financing.
Future estimated average realizable selling price.	\$378/oz. <sup>2</sup>
Mark-to-market value at December 31, 2005.	(\$1,453) million. <sup>3</sup>

1. The contract termination dates are in 2016–2019 in most cases, but we currently expect to deliver Pascua-Lama production against these contracts starting in 2009, subject to the timing of receipt of approvals of the environmental impact assessments, as well as the resolution of other external issues, both of which are largely beyond our control. Refer to page 47 for further details.
2. Upon delivery of production from 2009–2018, the term of expected financing. Approximate estimated value based on current market US dollar interest rates and on an average lease rate assumption of 0.75%.
3. At a spot gold price of \$513 per ounce and market interest rates.

The allocation of 6.5 million ounces of gold sales contracts to Pascua-Lama involves: i) the identification of contracts in quantities and for terms that mitigate gold price risk for the project during the term of the expected financing (contracts were chosen where the existing termination dates are spread between the targeted first year of production and the expected retirement of financing for the project); ii) the segregation of these contracts from the remaining non-project gold sales contracts (the "Corporate Gold Sales Contracts"); and iii) the eventual settlement of proceeds from these contracts for the benefit of production.

Through allocation of these gold sales contracts to Pascua-Lama, we significantly reduce capital risk. It protects the gold price during the term of the forecasted financing, while leaving the remaining reserves fully levered to spot gold prices. The contracts represent just over 35% of the 18.3 million ounces of gold reserves at Pascua-Lama. These contracts do not impact any of the 684.7 million ounces of silver contained in gold reserves at Pascua-Lama.

### Corporate Gold Sales Contracts and Floating Spot-Price Gold Sales Contracts

Fixed-price Corporate Gold Sales Contracts, which at December 31, 2005 totaled 6.0 million ounces, represent approximately one year of Barrick's expected future gold production (excluding Placer Dome) and approximately 8.5% of our proven and probable reserves, in each case excluding Pascua-Lama and Placer Dome. At December 31, 2005, we had floating spot-price gold sales contracts under which we are committed to deliver 0.7 million ounces of gold over the next ten years at spot prices, less an average fixed-price adjustment of \$127 per ounce. These floating spot-price contracts were previously fixed-price contracts, for which, under the price-setting mechanisms of the MTAs, we elected to receive a price based on the market gold spot price at the time of delivery adjusted based on the difference between the spot price and the contract price at the time of such election.

### Key Aspects of Corporate Gold Sales Contracts

(as of December 31, 2005)

Current termination date of contracts.	2015 in most cases.
Average estimated realizable selling price in 2015.	\$458/oz. <sup>1</sup>
Mark-to-market value at December 31, 2005.	
Corporate Gold Sales Contracts.	(\$1,277) million. <sup>2</sup>
Floating Spot-Price Gold Sales Contracts.	(\$89) million. <sup>2</sup>

1. Approximate estimated value based on current market US dollar interest rates and an average lease rate assumption of 0.75%. Accelerating gold deliveries would likely lead to reduced contango that would otherwise have built up over time. Barrick may choose to settle any gold sales contract in advance of this termination date at any time, at its discretion. Historically, delivery has occurred in advance of the contractual termination date.
2. At a spot gold price of \$513 per ounce, and market interest rates.

In January 2006, we acquired the Pueblo Viejo development project ("Pueblo Viejo") as part of the Placer Dome acquisition. Once the sale of certain Placer Dome operations to Goldcorp closes, we will have a 60% interest in the project. In anticipation of financing our share of this project, subsequent to year end we allocated 3.0 million ounces of our Corporate Gold Sales Contracts to this project. This allocation does not impact any of the 40% interest in Pueblo Viejo to be owned by Goldcorp.

We have an obligation to deliver gold by the termination date (currently 2015 in most cases). However, because we typically fix the price of gold under our gold sales contracts to a date that is earlier than the termination date of the contract (referred to as the "interim price-setting date"), the actual realized price on the contract termination date depends upon the actual gold market forward premium ("contango") between the interim price-setting date and the termination date. Therefore, the \$458/oz price estimate could change over time due to a number of factors, including but not limited to: US dollar interest rates, gold lease rates, spot gold prices, and extensions of the termination date. This price, which is an average for the total Corporate Gold Sales Contract position, is not necessarily representative of the prices that may be realized each quarter for actual deliveries into gold sales contracts, in particular, if we choose to settle any gold sales contract in advance of the termination date (which we have the right to do at our discretion). If we choose to accelerate gold deliveries, this would likely lead to reduced contango that would otherwise have built up over time (and therefore a lower realized price).

The gold market forward premium, or contango, is typically closely correlated with the difference between US dollar interest rates and gold lease rates. An increase or decrease in US dollar interest rates would generally lead to a corresponding increase or decrease in contango, and therefore an increase or decrease in the estimated future price of the contract at the termination date. Furthermore, the greater the time period between the interim price-setting date and the termination date, the greater the sensitivity of the final realized price to US dollar interest rates.

A short-term spike in gold lease rates would not have a material negative impact on us because we are not significantly exposed under our fixed-price gold sales contracts to short-term gold lease rate variations. A prolonged rise in gold lease rates could result in lower contango (or negative contango, i.e. "backwardation"). Gold lease rates have historically tended to be low, and any spikes short-lived, because of the large amount of gold available for lending relative to demand.

As a result of the Placer Dome acquisition, Barrick's gold sales contracts increased to 20 million ounces on a pro forma basis as at December 31, 2005. Since year end, Placer Dome's gold hedge program has been reduced and simplified with all outstanding sold call options eliminated. As of February 22, 2006, the combined gold sales contracts totaled 18.5 million ounces, a reduction of 1.5 million ounces since year-end 2005. Of this total, 9.5 million ounces are allocated as Project Gold Sales Contracts in support of the Pascua-Lama and Pueblo Viejo development projects. The remaining 9.0 million ounces of Corporate Gold Sales Contracts represent 8% of total reserves excluding Pascua-Lama and Pueblo Viejo. Further reductions may be expected as we remain committed to reducing our gold sales contracts in this favorable gold price environment.

#### Fixed-Price Silver Sales Contracts

(as of December 31, 2005)

Millions of silver ounces.	15
Current termination date of silver sales contracts.	2015 in most cases.
Average estimated realizable selling price at 2015 termination date.	\$7.40/oz. <sup>1</sup>
Mark-to-market value at December 31, 2005.	(\$43) million. <sup>2</sup>

1. Approximate estimated value based on current market contango of 2.5%. Accelerating silver deliveries could potentially lead to reduced contango that would otherwise have built up over time. Barrick may choose to settle any silver sales contract in advance of this termination date at any time, at its discretion. Historically, delivery has occurred in advance of the contractual termination date.

2. At a spot silver price of \$8.83 per ounce.

We also have floating spot-price silver sales contracts under which we are committed to deliver 7.5 million ounces of silver over the next ten years at spot prices, less an average fixed-price adjustment of \$1.25 per ounce. These floating spot-price contracts were previously fixed-price contracts, for which, under the price-setting mechanisms of the MTAs, we elected to receive a price based on the market silver spot price at the time of delivery adjusted by the difference between the spot price and the contract price at the time of such election.

### Key Terms of Gold and Silver Sales Contracts

In all of our MTAs, which govern the terms of gold and silver sales contracts with our 19 counterparties, the following applies:

- The counterparties do not have unilateral and discretionary “right to break” provisions.
- There are no credit downgrade provisions.
- We are not subject to any margin calls — regardless of the price of gold or silver.
- We have the right to settle our gold and silver sales contracts on two days notice at any time during the life of the contracts, or keep these forward gold and silver sales contracts outstanding for up to 15 years.
- At our option, we can sell gold or silver at the market price or the contract price, whichever is higher, up to the termination date of the contracts (currently 2015 in most cases).

The MTAs with our counterparties do provide for early close out of certain transactions in the event of a material adverse change in our ability or our principal hedging subsidiary’s ability to perform our or its gold and silver delivery and other obligations under the trading agreements and related parent guarantees or a lack of gold or silver market, and for customary events of default such as covenant breaches, insolvency or bankruptcy. The principal financial covenants are:

- We must maintain a minimum consolidated net worth of at least \$2 billion; it was \$3.9 billion at year end. The MTAs exclude unrealized mark-to-market valuations in the calculation of consolidated net worth.
- We must maintain a maximum long-term debt to consolidated net worth ratio of 2:1; it was 0.5:1 at year end.

In most cases, under the terms of the MTAs, the period over which we are required to deliver gold is extended annually by one year, or kept “evergreen”, regardless of the intended delivery dates, unless otherwise notified by the counterparty. This means that, with each year that passes, the termination date of most MTAs is extended into the future by one year.

As spot gold prices increase or decrease, the value of our gold mineral reserves and amount of potential operating cash inflows generally increases or decreases. The unrealized mark-to-market loss on our fixed-price forward gold sales contracts also increases or decreases. The mark-to-market value represents the cancellation value of these contracts based on current market levels, and does not represent an immediate economic obligation for payment by us. Our obligations under the gold forward sales contracts are to deliver an agreed upon quantity of gold at a contracted price by the termination date of the contracts (currently 2015 in most cases). Gold sales contracts are not recorded on our balance sheet. The economic impact of these contracts is reflected in our Financial Statements within gold sales based on selling prices under the contracts at the time we record revenue from the physical delivery of gold and silver under the contracts.

### Fair Value of Derivative Positions

(\$ millions)	Unrealized
As at December 31, 2005	Gain/(Loss)
Corporate Gold Sales Contracts	\$ (1,277)
Pascua-Lama Gold Sales Contracts	(1,453)
Floating Spot-Price Gold Sales Contracts	(89)
Silver Sales Contracts	(43)
Floating Spot-Price Silver Sales Contracts	(9)
Foreign currency contracts	128
Interest rate contracts	30
Fuel contracts	42
	<u>\$ (2,671)</u>

## Critical Accounting Policies and Estimates

Management has discussed the development and selection of our critical accounting estimates with the Audit Committee of the Board of Directors, and the Audit Committee has reviewed the disclosure relating to such estimates in conjunction with its review of this MD&A. The accounting policies and methods we utilize determine how we report our financial condition and results of operations, and they may require management to make estimates or rely on assumptions about matters that are inherently uncertain.

Our financial condition and results of operations are reported using accounting policies and methods prescribed by US GAAP. In certain cases, US GAAP allows accounting policies and methods to be selected from two or more alternatives, any of which might be reasonable yet result in our reporting materially different amounts. We exercise judgment in selecting and applying our accounting policies and methods to ensure that, while US GAAP compliant, they reflect our judgment of an appropriate manner in which to record and report our financial condition and results of operations.

## Accounting Policy Changes in 2005

This section includes a discussion of accounting changes that were adopted in our 2005 Financial Statements.

### Emerging Issues Task Force Issue No. 04-6, Accounting for Stripping Costs Incurred During Production in the Mining Industry ("EITF 04-6")

In 2005, we adopted EITF 04-6, which relates to the accounting for stripping costs in the production stage at a mine. The new accounting rules require the actual stripping costs incurred each period be reflected in the cost of ore mined for the same period, and will likely lead to greater period-to-period volatility in total cash costs. Previously, stripping costs were deferred and amortized based on a life-of-mine stripping ratio that smoothed the costs over time. Results for periods prior to 2005 were not restated in accordance with the transition rules of EITF 04-6. Cost of sales and related total cash costs per ounce statistics for 2004 and prior periods have not been restated, and are therefore not comparable to current-year amounts. The impact of this change in comparison to 2004 was to increase net income for 2005 by \$44 million (\$0.08 per share) and decrease cost of sales for 2005 by \$64 million (\$12 per ounce lower total cash costs). Results for 2005 also include a \$6 million post-tax credit (\$0.01 per share) to reflect the cumulative effect of the policy for periods prior to January 1, 2005.

### Impact of EITF 04-6 on Total Cash Costs Per Ounce Statistics

(dollars per ounce)	Three months ended December 31, 2005 Increase (decrease)	Year ended December 31, 2005 Increase (decrease)
Goldstrike Open Pit	\$ (12)	\$ (12)
Round Mountain	1	16
Hemlo	19	11
Pierina	(45)	(37)
Lagunas Norte	(96)	(66)
Kalgoorlie	67	9
Plutonic	—	(17)
Lawlers	9	8
Tulawaka	11	48
Total cash costs per ounce	<u>\$ (22)</u>	<u>\$ (12)</u>

## Future Accounting Policy Changes

This section includes a discussion of future accounting changes that may have a significant impact on our Financial Statements. On January 1, 2006, we adopted FASB Interpretation No. 47, Accounting for Conditional Asset Retirement Obligations ("FIN 47") and FASB No. 151, Inventory Costs ("FAS 151"). We do not expect that the adoption of FIN 47 or FAS 151 will have a material effect on our Financial Statements, and therefore a detailed discussion of these accounting changes has not been included.

### FAS 123R, Share-Based Payment, a Revision to FAS 123 and a Replacement of APB 25 and FAS 148

FAS 123R includes in its scope our stock options, Restricted Share Units (RSUs) and Deferred Share Units (DSUs). The adoption of FAS 123R will not significantly change how we account for RSUs and DSUs. Historically we accounted for stock options granted to employees using an intrinsic value method. We recorded compensation cost for stock options based on the excess of the market price of the stock option at the grant date of an award.

over the exercise price. Historically, the exercise price for stock options has equaled the market price of stock at the grant date, resulting in no compensation cost. FAS 123R requires the cost of all share-based payment transactions with employees be recognized as an expense starting in our 2006 fiscal year.

FAS 123R permits two possible transition methods: modified prospective or modified retrospective. Under both methods the cost of share-based payments will be recorded in 2006, but the modified retrospective method requires restatement of prior year comparative amounts, whereas the modified prospective method does not. Under either method, we expect to record an expense of about \$25 million in 2006 for unvested stock options granted through December 31, 2005. Under the modified retrospective method we would restate our income statement for prior periods to reflect a compensation expense of \$29 million in 2004 and \$26 million in 2005 and an adjustment to opening 2004 retained earnings of \$183 million for years prior to 2004.

### **Exposure Draft, Accounting for Uncertain Tax Positions**

On July 14, 2005, the Financial Accounting Standards Board ("FASB") issued an exposure draft and later issued some amendments of a proposed Interpretation, Accounting for Uncertain Tax Positions – an Interpretation of FASB Statement No. 109. The proposed Interpretation would require companies to recognize the best estimate of an uncertain tax position only if it is more likely than not of being sustained on audit by the taxation authorities. Subsequently, the tax benefit would be derecognized (by either recording a tax liability or decreasing a tax asset) when the more likely than not threshold is no longer met and it is more likely than not that the tax position will not be sustained.

The proposed interpretation would be effective starting in 2007 and treated as a change in accounting policy. It would require companies to assess all uncertain tax positions and only those meeting the more likely than not threshold at the transition date would continue to be recognized. The difference between the amount previously recognized and the amount recognized after applying the proposed Interpretation would be recorded as a cumulative-effect adjustment in the 2007 income statement (restatement is not permitted). The comment period ended on September 12, 2005. Subsequent to this date FASB has issued and continues to issue redeliberations of certain aspects of the exposure draft. We are presently evaluating the impact of this exposure draft on our Financial Statements.

### **Critical Accounting Estimates and Judgments**

Certain accounting estimates have been identified as being "critical" to the presentation of our financial condition and results of operations because they require us to make subjective and/or complex judgments about matters that are inherently uncertain; where there is a reasonable likelihood that materially different amounts could be reported under different conditions or using different assumptions and estimates.

### **Reserve Estimates Used to Measure Amortization of Property, Plant and Equipment**

We record amortization expense based on the estimated useful economic lives of long-lived assets. Changes in reserve estimates are generally calculated at the end of each year and cause amortization expense to increase or decrease prospectively. The estimate that most significantly affects the measurement of amortization is quantities of proven and probable gold reserves, because we amortize a large portion of property, plant and equipment using the units-of-production method. The estimation of quantities of gold reserves, in accordance with the principles in Industry Guide No. 7, issued by the US Securities and Exchange Commission ("SEC") is complex, requiring significant subjective assumptions that arise from the evaluation of geological, geophysical, engineering and economic data for a given ore body. This data could change over time as a result of numerous factors, including new information gained from development activities, evolving production history and a reassessment of the viability of production under different economic conditions. Changes in data and/or assumptions could cause reserve estimates to substantially change from period to period. Actual gold production could differ from expected gold production based on reserves, and an adverse change in gold or silver prices could make a reserve uneconomic to mine. Variations could also occur in actual ore grade and gold and silver recovery rates from estimates.

A key trend that could reasonably impact reserve estimates is rising market gold prices, because the gold price assumption is closely related to the trailing three-year average market price. As this assumption rises, this could result in an upward revision to reserve estimates as material not previously classified as a reserve becomes economic at higher gold prices. Following the recent trend in market gold prices over the last three years, the gold price assumption used to measure reserves has also been rising. The gold price assumption was \$400 per ounce in 2005 (2004: \$375 per ounce; 2003: \$325 per ounce).

The impact of a change in reserve estimates is generally more significant for mines near the end of the mine life because the overall impact on amortization is spread over a shorter time period. Also, amortization expense is more significantly impacted by changes in reserve estimates at underground mines than open-pit mines due to the following factors:

- Underground development costs incurred to access ore at underground mines are significant and amortized using the units-of-production method; and
- Reserves at underground mines are often more sensitive to gold price assumptions and changes in production costs. Production costs at underground mines are impacted by factors such as dilution, which can significantly impact mining and processing costs per ounce.

### Impact of Historic Changes in Reserve Estimates on Amortization

For the years ended December 31 (\$ millions, except reserves in millions of contained oz)	2005		2004	
	Reserves increase (decrease) <sup>1</sup>	Amortization increase (decrease)	Reserves increase (decrease) <sup>1</sup>	Amortization increase (decrease)
Goldstrike Open Pit	2.1	\$ (5)	1.5	\$ (3)
Goldstrike Underground	0.1	(4)	0.2	(4)
Round Mountain	0.4	(1)	0.2	(1)
Lawlers	0.1	(2)	—	—
Eskay Creek	(0.1)	6	(0.1)	5
Pierina	0.3	(22)	0.3	(10)
Hemlo	(0.2)	2	(0.1)	1
Plutonic	0.2	(1)	0.5	(2)
Kalgoorlie	(0.2)	—	0.9	(1)
Darlot	0.1	—	—	—
Marigold	0.1	(1)	0.1	(1)
Bulyanhulu	0.1	—	(0.4)	1
<b>Total</b>	<b>3.0</b>	<b>\$ (28)</b>	<b>3.1</b>	<b>\$ (15)</b>

1. Each year we update our reserve estimates as at the end of the year as part of our normal business cycle. Reserve changes presented were calculated at the beginning of the applicable fiscal year and are in millions of contained ounces.

### Impairment Assessments of Investments

Each reporting period we review all available-for-sale securities whose fair value at the end of period is below cost to determine whether an other-than-temporary impairment has occurred. We consider all relevant facts or circumstances in this assessment, particularly: the length of time and extent to which fair value has been less than the carrying amount; the financial condition and near term prospects of the investee, including any specific events that have impacted its fair value; both positive and negative evidence that the carrying amount is recoverable within a reasonable period of time; and our ability and intent to hold the investment for a reasonable period of time sufficient for an expected recovery of the fair value up to or beyond the carrying amount. Changes in the values of these investments are caused by market factors beyond our control and could be significant, and the amount of any impairment charges could materially impact earnings. In 2005, we reviewed two investments that were impaired, and after concluding that the impairments were other-than-temporary, we recorded an impairment charge of \$16 million (2004: \$5 million, 2003: \$11 million).



## Impairment Assessments of Operating Mines, Development Projects and Exploration Stage Properties

We review and test the carrying amounts of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. We group assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. We review each mine and development project for recoverability by comparing the total carrying value of the assets of that mine or project to the expected future cash flows associated with that mine or project. If there are indications that an impairment may have occurred, we prepare estimates of expected future cash flows for each group of assets. Expected future cash flows are based on a probability-weighted approach applied to potential outcomes. Estimates of expected future cash flow reflect:

- Estimated sales proceeds from the production and sale of recoverable ounces of gold contained in proven and probable reserves;
- Expected future commodity prices and currency exchange rates (considering historical and current prices, price trends and related factors);
- Expected future operating costs and capital expenditures to produce proven and probable gold reserves based on mine plans that assume current plant capacity, but exclude the impact of inflation;
- Expected cash flows associated with value beyond proven and probable reserves, which includes the expected cash outflows required to develop and extract the value beyond proven and probable reserves; and
- Environmental remediation costs excluded from the measurement of asset retirement obligations.

We record a reduction of a group of assets to fair value as a charge to earnings if the discounted expected future cash flows are less than the carrying amount. We generally estimate fair value by discounting the expected future cash flows using a discount factor that reflects the risk-free rate of interest for a term consistent with the period of expected cash flows.

Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by reserve estimates, together with economic factors such as gold and silver prices, other commodity and consumables costs and currency exchange rates, estimates of costs to produce reserves and future sustaining capital. If a significant adverse change in the market gold price occurred that caused us to revise the price assumptions downwards, the conclusions on the impairment tests could change, subject to the effect of changes in other factors and assumptions. The assessment and measurement of impairment excludes the impact of derivatives designated in a cash flow hedge relationship for future cash flows arising from operating mines and development projects.

Because of the significant capital investment that is required at many mines, if an impairment occurs, it could materially impact earnings. Due to the long-life nature of many mines, the difference between total estimated undiscounted net cash flows and fair value can be substantial. Therefore, although the value of a mine may decline gradually over multiple reporting periods, the application of impairment accounting rules could lead to recognition of the full amount of the decline in value in one period. Due to the highly uncertain nature of future cash flows, the determination of when to record an impairment charge can be very subjective. We make this determination using available evidence taking into account current expectations for each mining property.

For acquired exploration-stage properties, the purchase price is capitalized, but post-acquisition exploration expenditures are expensed. The future economic viability of exploration-stage properties largely depends upon the outcome of exploration activity, which can take a number of years to complete for large properties. We monitor the results of exploration activity over time to assess whether an impairment may have occurred. The measurement of any impairment is made more difficult because there is not an active market for exploration properties, and because it is not possible to use discounted cash flow techniques due to the very limited information that is available to accurately model future

cash flows. In general, if an impairment occurs at an exploration-stage property, it would probably have minimal value and most of the acquisition cost may have to be written down. Impairment charges are recorded in other income/expense and impact earnings in the year they are recorded. Prospectively, the impairment could also impact the calculation of amortization of an asset.

In 2004, we completed impairment tests for the Cowal project, the Eskay Creek mine and various Peruvian exploration-stage properties. For Cowal, an impairment test was completed, incorporating upward revisions to estimated capital and operating costs for the project and the impact of the US dollar exchange rate on Australian dollar expenditures, measured at market prices. On completion of this test in 2004, we concluded that the project was not impaired. On completion of the impairment test for Eskay Creek, we concluded that the mine was impaired, and we recorded a pre-tax impairment charge of \$58 million. On completion of the exploration program for 2005 and updating assessments of future plans, we concluded that a group of Peruvian exploration-stage properties were impaired at the end of 2004 and we recorded a pre-tax impairment charge of \$67 million. Throughout 2005, we updated our impairment assessments for the Eskay Creek mine and Cowal project and we concluded that they were not impaired at the end of 2005.

### **Production Start Date**

We assess each mine construction project to determine when a mine moves into production stage. The criteria used to assess the start date are determined based on the unique nature of each mine construction project such as the complexity of a plant or its location. We consider various relevant criteria to assess when the mine is substantially complete and ready for its intended use and moved into production stage. Some of the criteria considered would include, but, are not limited to, the following:

- The level of capital expenditures compared to construction cost estimates
- Completion of a reasonable period of testing of mine plant and equipment
- Ability to produce gold in saleable form (within specifications)
- Ability to sustain ongoing production of gold

In 2005, we determined the production start dates for three new mines: Tulawaka, Lagunas Norte and Veladero. When a mine construction project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either capitalized to inventory or expensed, except for capitalizable costs related to property, plant and equipment additions or improvements, underground mine development or reserve development.

### **Fair Value of Asset Retirement Obligations (AROs)**

AROs arise from the acquisition, development, construction and normal operation of mining property, plant and equipment, due to government controls and regulations that protect the environment and public safety on the closure and reclamation of mining properties. We record the fair value of an ARO in our Financial Statements when it is incurred and capitalize this amount as an increase in the carrying amount of the related asset. At operating mines, the increase in an ARO is recorded as an adjustment to the corresponding asset carrying amount and results in a prospective increase in amortization expense. At closed mines, any adjustment to an ARO is charged directly to earnings.

The fair values of AROs are measured by discounting the expected cash flows using a discount factor that reflects the credit-adjusted risk-free rate of interest. We prepare estimates of the timing and amounts of expected cash flows when an ARO is incurred, which are updated to reflect changes in facts and circumstances, or if we are required to submit updated mine closure plans to regulatory authorities. In the future, changes in regulations or laws or enforcement could adversely affect our operations; and any instances of noncompliance with laws or regulations that result in fines or injunctions or delays in projects, or any unforeseen environmental contamination at, or related to, our mining properties could result in us suffering significant costs. We mitigate these risks through environmental

and health and safety programs under which we monitor compliance with laws and regulations and take steps to reduce the risk of environmental contamination occurring. We maintain insurance for some environmental risks, however, for some risks coverage cannot be purchased at a reasonable cost. Our coverage may not provide full recovery for all possible causes of loss. The principal factors that can cause expected cash flows to change are: the construction of new processing facilities; changes in the quantities of material in reserves and a corresponding change in the life of mine plan; changing ore characteristics that ultimately impact the environment; changes in water quality that impact the extent of water treatment required; and changes in laws and regulations governing the protection of the environment. In general, as the end of the mine life becomes nearer, the reliability of expected cash flows increases, but earlier in the mine life, the estimation of an ARO is inherently more subjective. Significant judgments and estimates are made when estimating the fair value of AROs. Expected cash flows relating to AROs could occur over periods up to 40 years and the assessment of the extent of environmental remediation work is highly subjective. Considering all of these factors that go into the determination of an ARO, the fair value of AROs can materially change over time.

At our operating mines, we continued to record AROs based on disturbance of the environment over time. It is reasonably possible that circumstances could arise during or by the end of the mine life that will require material revisions to AROs. In particular, the extent of water treatment can have a material effect on the fair value of AROs, and the expected water quality at the end of the mine life, which is the primary driver of the extent of water treatment, can change significantly. We periodically prepare updated studies for our mines, following which it may be necessary to adjust the fair value of AROs. The period of time over which we have assumed that water quality monitoring and treatment will be required has a significant impact on AROs at closed mines. The amount of AROs recorded reflects the expected cost, taking into account the probability of particular scenarios. The difference between the upper end of the range of these assumptions and the lower end of the range can be significant, and consequently changes in these assumptions could have a material effect on the fair value of AROs and future earnings in a period of change.

At one closed mine, the principal uncertainty that could impact the fair value of the ARO is the manner in which a tailings facility will need to be remediated. In measuring the ARO, we have concluded that there are two possible methods that could be used. We have recorded the ARO using the more costly method until such time that the less costly method can be proven as technically feasible and approved.

In 2005, we recorded increases in ARO estimates of \$91 million (2004: \$68 million; 2003: \$10 million) of which \$47 million of this increase (2004: \$14 million; 2003: nil) related to new AROs at development projects and mines that commenced production during 2005. A further \$29 million (2004: \$32 million; 2003: nil) relates to updates of the assessment of the extent of water treatment and other assumptions at our operating mines. We recorded increases in AROs of \$15 million at our closed mines, which were charged to earnings (2004: \$22 million; 2003: \$10 million).

#### **ARO at December 31, 2005**

(\$ millions)	
Operating mines	\$ 280
Closed mines	154
Development projects	12
<b>Total</b>	<b>\$ 446</b>

## Deferred Tax Assets and Liabilities

### *Measurement of Temporary Differences*

We are periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in our Financial Statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period of changes. The most significant such estimate is the tax basis of certain Australian assets following elections in 2004 under new tax regimes in Australia. These elections resulted in the revaluation of certain assets in Australia for income tax purposes. Part of the revalued tax basis of these assets was estimated based on a valuation completed for tax purposes. This valuation is under review by the Australian Tax Office ("ATO") and the amount finally accepted by the ATO may differ from the assumption used to measure deferred tax balances at the end of 2004.

### *Valuation Allowances*

Each period, we evaluate the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives. Levels of future taxable income are affected by, among other things, market gold prices, production costs, quantities of proven and probable gold reserves, interest rates and foreign currency exchange rates. If we determine that it is more likely than not (a likelihood of more than 50%) that all or some portion of a deferred tax asset will not be realized, then we record a valuation allowance against the amount we do not expect to realize. Changes in valuation allowances are recorded as a component of income tax expense or recovery for each period. The most significant recent trend impacting expected levels of future taxable and valuation allowances has been rising gold prices. A continuation of this trend could lead to the release of some of the valuation allowances recorded, with a corresponding effect on earnings in the period of release.

In 2005, we released valuation allowances totaling \$32 million, which mainly included amounts totaling \$31 million in Argentina, relating to the effect of the higher gold price environment and start-up of production at Veladero in 2005. We released valuation allowances totaling \$5 million in 2004 and \$62 million in 2003. In 2004, the release was as a consequence of an election to consolidate our Australian operations into one tax group. Valuation allowances released in 2003 mainly included: \$21 million in North America following a corporate reorganization of certain subsidiaries that enabled us to utilize certain previously unrecognized tax assets; \$16 million in Australia realized in 2003 due to an increase in taxable income from higher gold prices; and \$15 million in Argentina after the approval to begin construction of our new Veladero mine and classification of mineralization as a proven and probable reserve.

The Placer Dome acquisition may cause us to reconsider that some of our deferred tax assets, to which valuation allowances have been applied, are now more likely than not to be realized. If we determine that, as a direct result of the Placer Dome acquisition, some or all of the valuation allowances can be released, any amounts that we release may be reflected as an adjustment to goodwill in the purchase price allocation.

### **Valuation allowances at December 31**

(\$ millions)	2005	2004
United States	\$ 209	\$ 195
Chile	124	129
Argentina	46	75
Canada	63	73
Tanzania	204	146
Australia	2	3
Other	8	8
	<b>\$ 656</b>	<b>\$ 629</b>

**United States:** most of the valuation allowances relate to the full amount of Alternative Minimum Tax credits, which have an unlimited carry-forward period. Increasing levels of future taxable income due to higher gold selling prices and other factors and circumstances may result in our becoming a regular taxpayer under the US regime, which may cause us to release some, or all, of the valuation allowance on the Alternative Minimum Tax credits.

**Chile and Argentina:** the valuation allowances relate to the full amount of tax assets in subsidiaries that do not have any present sources of gold production or taxable income. In the event that these subsidiaries have sources of taxable income in the future, we may release some or all of the allowances.

**Canada:** substantially all of the valuation allowances relate to capital losses that will only be utilized if any capital gains are realized.

**Tanzania:** considering the local fiscal regime applicable to mining companies and expected levels of future taxable income from the Bulyanhulu and Tulawaka mines, a valuation allowance exists against a portion of the deferred tax assets. If we conclude that expected levels of future taxable income from Bulyanhulu and Tulawaka will be higher, we may release some or all of the valuation allowance.

### **Stock-Based Compensation**

We calculate and disclose in our Financial Statements pro forma compensation expense for employee stock options. Commencing in first quarter 2006, we will record compensation expense in earnings for employee stock options, based on the estimated fair market value of employee stock options on their grant date. The most significant assumptions involving judgment that affect a stock option's fair value include, but are not limited to: expected volatility, expected term and expected exercise behavior of option holders.

We determine expected future volatility by taking into consideration both historical volatility of our US dollar share price and the implied volatility of our US dollar market traded stock options. Under the Black-Scholes valuation model, the term assumption takes into consideration expected rates of employee turnover and represents the estimated average length of time stock options remain outstanding before they are either exercised or forfeited. Under the Lattice valuation model, the expected term assumption is derived from the option valuation model and is in part based on expected exercise behavior of option holders based on multiple share price paths. When reviewing the historical behavior of option holders, we segregate the population into groups with similar characteristics.

Stock option expense is impacted by estimated forfeiture rates for stock options. We estimate forfeiture rates by considering trends in historical forfeiture rates. If actual forfeiture rates differ from estimated rates, we adjust our stock option expense to reflect revised expectations. For assumptions used in stock option valuation, we apply any updated assumptions to the valuation of future grants. Our option fair value has changed at each grant date as we update our historical data used to calculate specific assumptions, namely; the expected volatility and expected term of the option. With each grant date, we incorporate the current market stock price and interest rates into our valuation model, both of these assumptions change on an ongoing basis.

### Cautionary Statement on Forward-Looking Information

Certain information contained or incorporated by reference in this Annual Report 2005, including any information as to our future financial or operating performance, constitutes "forward-looking statements". All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by us, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: fluctuations in the currency markets (such as the Canadian and Australian dollars versus the US dollar); fluctuations in the spot and forward price of gold or certain other commodities (such as silver, copper, diesel fuel and electricity); changes in US dollar interest rates or gold lease rates that could impact the mark-to-market value of outstanding derivative instruments and ongoing payments/receipts under interest rate swaps and variable rate debt obligations; risks arising from holding derivative instruments (such as credit risk, market liquidity risk and mark-to-market risk); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, Dominican Republic, Australia, Papua New Guinea, Chile, Peru, Argentina, South Africa, Tanzania, Russia or Barbados or other countries in which we do or may carry on business in the future; business opportunities that may be presented to, or pursued by, us; our ability to successfully integrate acquisitions, including our recent acquisition of Placer Dome; operating or technical difficulties in connection with mining or development activities; the speculative nature of gold exploration and development, including the risks of obtaining necessary licenses and permits; diminishing quantities or grades of reserves; adverse changes in our credit rating; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of gold exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold bullion losses (and the risk of inadequate insurance, or inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can affect our actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, us. Readers are cautioned that forward-looking statements are not guarantees of future performance. All of the forward-looking statements made in this Annual Report 2005 are qualified by these cautionary statements. Specific reference is made to Barrick's most recent Form 40-F/Annual Information Form on file with the SEC and Canadian provincial securities regulatory authorities for a discussion of some of the factors underlying forward-looking statements.

We disclaim any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

## Glossary of Technical Terms

**AUTOCLAVE:** Oxidation process in which high temperatures and pressures are applied to convert refractory sulphide mineralization into amenable oxide ore.

**BACKFILL:** Primarily waste sand or rock used to support the roof or walls after removal of ore from a stope.

**BY-PRODUCT:** A secondary metal or mineral product recovered in the milling process such as copper and silver.

**CONCENTRATE:** A very fine, powder-like product containing the valuable ore mineral from which most of the waste mineral has been eliminated.

**CONTAINED OUNCES:** Represents ounces in the ground before reduction of ounces not able to be recovered by the applicable metallurgical process.

**CONTANGO:** The positive difference between the spot market gold price and the forward market gold price. It is often expressed as an interest rate quoted with reference to the difference between inter-bank deposit rates and gold lease rates.

**DEVELOPMENT:** Work carried out for the purpose of opening up a mineral deposit. In an underground mine this includes shaft sinking, crosscutting, drifting and raising. In an open pit mine, development includes the removal of overburden.

**DILUTION:** The effect of waste or low-grade ore which is unavoidably included in the mined ore, lowering the recovered grade.

**DORÉ:** Unrefined gold and silver bullion bars usually consisting of approximately 90 percent precious metals that will be further refined to almost pure metal.

**EXPLORATION:** Prospecting, sampling, mapping, diamond-drilling and other work involved in searching for ore.

**GRADE:** The amount of metal in each ton of ore, expressed as troy ounces per ton or grams per tonne for precious metals and as a percentage for most other metals.

*Cut-off grade:* the minimum metal grade at which an orebody can be economically mined (used in the calculation of ore reserves).

*Mill-head grade:* metal content of mined ore going into a mill for processing.

*Recovered grade:* actual metal content of ore determined after processing.

*Reserve grade:* estimated metal content of an orebody, based on reserve calculations.

**HEAP LEACHING:** A process whereby gold is extracted by "heaping" broken ore on sloping impermeable pads and continually applying to the heaps a weak cyanide solution which dissolves the contained gold. The gold-laden solution is then collected for gold recovery.

**HEAP LEACH PAD:** A large impermeable foundation or pad used as a base for ore during heap leaching.

**LIBOR:** The London Inter-Bank Offered Rate for deposits.

**MILL:** A processing facility where ore is finely ground and thereafter undergoes physical or chemical treatment to extract the valuable metals.

**MINERAL RESERVE:** See page 125 — “Gold Mineral Reserves and Mineral Resources.”

**MINERAL RESOURCE:** See page 125 — “Gold Mineral Reserves and Mineral Resources.”

**MINING CLAIM:** That portion of applicable mineral lands that a party has staked or marked out in accordance with applicable mining laws to acquire the right to explore for and exploit the minerals under the surface.

**MINING RATE:** Tons of ore mined per day or even specified time period.

**OPEN PIT:** A mine where the minerals are mined entirely from the surface.

**ORE:** Rock, generally containing metallic or non-metallic minerals, which can be mined and processed at a profit.

**ORE BODY:** A sufficiently large amount of ore that can be mined economically.

**OUNCES:** Troy ounces of a fineness of 999.9 parts per 1,000 parts.

**RECLAMATION:** The process by which lands disturbed as a result of mining activity are modified to support beneficial land use. Reclamation activity may include the removal of buildings, equipment, machinery and other physical remnants of mining, closure of tailings storage facilities, leach pads and other mine features, and contouring, covering and re-vegetation of waste rock and other disturbed areas.

**RECOVERY RATE:** A term used in process metallurgy to indicate the proportion of valuable material physically recovered in the processing of ore. It is generally stated as a percentage of the material recovered compared to the total material originally present.

**REFINING:** The final stage of metal production in which impurities are removed from the molten metal.

**ROASTING:** The treatment of ore by heat and air, or oxygen enriched air, in order to remove sulphur, carbon, antimony or arsenic.

**STRIPPING:** Removal of overburden or waste rock overlying an ore body in preparation for mining by open pit methods. Expressed as the total number of tons mined or to be mined for each ounce of gold.

**TAILINGS:** The material that remains after all economically and technically recoverable precious metals have been removed from the ore during processing.



## Management's Responsibility

### Management's Responsibility for Financial Statements

The accompanying consolidated financial statements have been prepared by and are the responsibility of the Board of Directors and Management of the Company.

The consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles and reflect Management's best estimates and judgments based on currently available information. The company has developed and maintains a system of internal accounting controls in order to ensure, on a reasonable and cost effective basis, the reliability of its financial information.

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, Chartered Accountants. Their report outlines the scope of their examination and opinion on the consolidated financial statements.



#### **Jamie C. Sokalsky**

Executive Vice President  
and Chief Financial Officer  
Toronto, Canada  
February 21, 2006

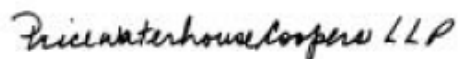
# Auditors' Report

## To the Shareholders of Barrick Gold Corporation

We have audited the consolidated balance sheets of Barrick Gold Corporation as at December 31, 2005 and 2004 and the consolidated statements of income, cash flows, shareholders' equity and comprehensive income for each of the years in the three-year period ended December 31, 2005. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2005 and 2004 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2005 in accordance with United States generally accepted accounting principles.

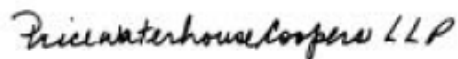


### Chartered Accountants

Toronto, Canada  
February 21, 2006

### Comments by Auditors for US Readers On Canada-US Reporting Differences

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when there is a change in accounting principles that has a material effect on the comparability of the Company's financial statements, such as the changes described in Note 2 to these consolidated financial statements. Our report to the shareholders dated February 21, 2006 is expressed in accordance with Canadian reporting standards which do not require a reference to such a change in accounting principles in the Auditors' report when the change is properly accounted for and adequately disclosed in the financial statements.



### Chartered Accountants

Toronto, Canada  
February 21, 2006

# Consolidated Statements of Income

Barrick Gold Corporation

For the years ended December 31 (in millions of United States dollars, except per share data)

	2005	2004	2003
<b>Gold sales</b> (notes 4 and 5)	<b>\$ 2,350</b>	<b>\$ 1,932</b>	<b>\$ 2,035</b>
<b>Costs and expenses</b>			
Cost of sales <sup>1</sup> (note 6)	1,214	1,047	1,069
Amortization (note 4)	427	452	522
Corporate administration	71	71	73
Exploration, development and business development	141	141	137
	<b>1,853</b>	<b>1,711</b>	<b>1,801</b>
<b>Other (income) expense</b>			
Interest income	(38)	(25)	(31)
Equity in investees (note 11)	6	—	—
Interest expense (note 16b)	7	19	44
Impairment of long-lived assets (note 7a)	—	139	5
Other (note 7b)	67	43	(6)
	<b>42</b>	<b>176</b>	<b>12</b>
<b>Income before income taxes and other items</b>	<b>455</b>	<b>45</b>	<b>222</b>
Income tax (expense) recovery (note 8)	(60)	203	(5)
<b>Income before cumulative effect of changes in accounting principles</b>	<b>395</b>	<b>248</b>	<b>217</b>
Cumulative effect of changes in accounting principles (note 2e)	6	—	(17)
<b>Net income for the year</b>	<b>\$ 401</b>	<b>\$ 248</b>	<b>\$ 200</b>
<b>Earnings per share data</b> (note 9)			
Income before cumulative effect of changes in accounting principles			
Basic	\$ 0.74	\$ 0.47	\$ 0.40
Diluted	\$ 0.73	\$ 0.46	\$ 0.40
Net income			
Basic	\$ 0.75	\$ 0.47	\$ 0.37
Diluted	\$ 0.75	\$ 0.46	\$ 0.37

1. Exclusive of amortization (note 6).

The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated Statements of Cash Flow

Barrick Gold Corporation

For the years ended December 31 (in millions of United States dollars)

	2005	2004	2003
<b>Operating Activities</b>			
Net income	\$ 401	\$ 248	\$ 200
Amortization (note 4)	427	452	522
Deferred income tax recovery (notes 8 and 19)	(30)	(225)	(49)
Inmet litigation settlement (note 7b)	—	—	(86)
Impairment of long-lived assets (note 7a)	—	139	5
Gains on sale of long-lived assets (note 7b)	(5)	(36)	(36)
Other items (note 10)	(67)	(69)	(37)
<b>Net cash provided by operating activities</b>	<b>726</b>	<b>509</b>	<b>519</b>
<b>Investing Activities</b>			
Property, plant and equipment			
Capital expenditures (note 4)	(1,104)	(824)	(322)
Sales proceeds	8	43	40
Cash receipt from Kabanga transaction (note 7b)	15	—	—
Purchase of equity method investments (note 11)	(58)	(40)	(46)
Available-for-sale securities (note 11)			
Purchases	(31)	(7)	(14)
Sales proceeds	10	9	8
Other investing activities	(20)	(2)	—
<b>Net cash used in investing activities</b>	<b>(1,180)</b>	<b>(821)</b>	<b>(334)</b>
<b>Financing Activities</b>			
Capital stock			
Proceeds from shares issued on exercise of stock options	92	49	29
Repurchased for cash (note 20a)	—	(95)	(154)
Long-term debt (note 16b)			
Proceeds	179	973	—
Repayments	(59)	(41)	(23)
Dividends (note 20a)	(118)	(118)	(118)
Other financing activities	(1)	(28)	—
<b>Net cash provided by (used in) financing activities</b>	<b>93</b>	<b>740</b>	<b>(266)</b>
<b>Effect of exchange rate changes on cash and equivalents</b>	<b>—</b>	<b>—</b>	<b>7</b>
Net (decrease) increase in cash and equivalents	(361)	428	(81)
<b>Cash and equivalents at beginning of year (note 16a)</b>	<b>1,398</b>	<b>970</b>	<b>1,044</b>
<b>Cash and equivalents at end of year (note 16a)</b>	<b>\$ 1,037</b>	<b>\$ 1,398</b>	<b>\$ 970</b>

The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated Balance Sheets

Barrick Gold Corporation  
At December 31 (in millions of United States dollars)

	2005	2004
<b>Assets</b>		
Current assets		
Cash and equivalents (note 16a)	\$ 1,037	\$ 1,398
Accounts receivable (note 12)	54	58
Inventories (note 12)	402	215
Other current assets (note 12)	255	288
	<u>1,748</u>	<u>1,959</u>
Available-for-sale securities (note 11)	62	61
Equity method investments (note 11)	138	86
Property, plant and equipment (note 13)	4,146	3,391
Capitalized mining costs (note 2e)	—	226
Non-current ore in stockpiles (note 12)	251	65
Other assets (note 14)	517	499
<b>Total assets</b>	<b>\$ 6,862</b>	<b>\$ 6,287</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Accounts payable	\$ 386	\$ 335
Current part of long-term debt (note 16b)	80	31
Other current liabilities (note 15)	94	54
	<u>560</u>	<u>420</u>
Long-term debt (note 16b)	1,721	1,655
Asset retirement obligations (note 17)	409	334
Other long-term obligations (note 18)	208	165
Deferred income tax liabilities (note 19)	114	139
<b>Total liabilities</b>	<b>3,012</b>	<b>2,713</b>
<b>Shareholders' equity</b>		
Capital stock (note 20)	4,222	4,129
Deficit	(341)	(624)
Accumulated other comprehensive income (loss) (note 21)	(31)	69
<b>Total shareholders' equity</b>	<b>3,850</b>	<b>3,574</b>
Contingencies and commitments (notes 8 and 13d)		
<b>Total liabilities and shareholders' equity</b>	<b>\$ 6,862</b>	<b>\$ 6,287</b>

The accompanying notes are an integral part of these consolidated financial statements.

Signed on behalf of the Board,



Gregory C. Wilkins, Director



Steven J. Shapiro, Director

## Consolidated Statements of Shareholders' Equity

Barrick Gold Corporation

For the years ended December 31 (in millions of United States dollars)

	2005	2004	2003
<b>Common shares</b> (number in millions)			
At January 1	534	535	542
Issued on exercise of stock options (note 22a)	4	3	2
Repurchased (note 20a)	—	(4)	(9)
At December 31	538	534	535
<b>Common shares</b>			
At January 1	\$ 4,129	\$ 4,115	\$ 4,148
Issued on exercise of stock options (note 22a)	93	49	34
Repurchased (note 20a)	—	(35)	(67)
At December 31	\$ 4,222	\$ 4,129	\$ 4,115
<b>Deficit</b>			
At January 1	\$ (624)	\$ (694)	\$ (689)
Net income	401	248	200
Dividends (note 20a)	(118)	(118)	(118)
Adjustment on repurchase of common shares (note 20a)	—	(60)	(87)
At December 31	\$ (341)	\$ (624)	\$ (694)
Accumulated other comprehensive income (loss) (note 21)	\$ (31)	\$ 69	\$ 60
<b>Total shareholders' equity at December 31</b>	<b>\$ 3,850</b>	<b>\$ 3,574</b>	<b>\$ 3,481</b>

## Consolidated Statements of Comprehensive Income

Barrick Gold Corporation

For the years ended December 31 (in millions of United States dollars)

	2005	2004	2003
<b>Net income</b>	<b>\$ 401</b>	<b>\$ 248</b>	<b>\$ 200</b>
Other comprehensive income (loss), net of tax (note 21)	(100)	9	185
<b>Comprehensive income</b>	<b>\$ 301</b>	<b>\$ 257</b>	<b>\$ 385</b>

The accompanying notes are an integral part of these consolidated financial statements.

# Notes to Consolidated Financial Statements

**Barrick Gold Corporation.** Tabular dollar amounts in millions of United States dollars, unless otherwise shown. References to C\$, A\$, € and ARS are to Canadian dollars, Australian dollars, Euros, and Argentinean pesos, respectively.

## 1 ■ Nature of Operations

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Barrick Gold Corporation ("Barrick" or the "Company") engages in the production and sale of gold from underground and open-pit mines, including related activities such as exploration and mine development. Our operations are mainly located in North America, South America, Australia, Africa and Russia/Central Asia. Our gold is sold into the world market.

## 2 ■ Significant Accounting Policies

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### a) Basis of Preparation

These financial statements have been prepared under United States generally accepted accounting principles ("US GAAP"). To ensure comparability of financial information, certain prior-year amounts have been reclassified to conform with the current year presentation.

### b) Consolidation

These financial statements reflect consolidation of entities in which we have a controlling financial interest. The usual condition for a controlling financial interest is ownership of a majority of the voting interests of an entity. A controlling financial interest may also exist through arrangements that do not involve voting interests, where an entity is a variable interest entity ("VIE"). Intercompany balances and transactions are eliminated on consolidation.

A VIE is an entity that either lacks enough equity investment at risk to permit the entity to finance its activities without additional subordinated financial support from other parties; has equity owners who are unable to make decisions about the entity; or has equity owners that do not have the obligation to absorb the entity's expected losses or the right to receive the entity's expected residual returns. VIEs can arise from a variety of contractual arrangements or other legal structures.

Where a VIE exists, the variable interest holder who is the primary beneficiary consolidates the VIE. The primary beneficiary is the entity that, after evaluating all expected transactions between the VIE and the variable interest holders, expects to absorb a majority of the expected losses of the VIE, receive a majority of the residual returns of the VIE, or both.

We hold a 70% interest in an unincorporated joint venture that owns the Tulawaka mine. This joint venture was originally formed to share in the risks and rewards of exploring for gold and developing any mines on a significant land position in Tanzania. Until June 2004, we used the proportionate consolidation method for our 70% joint venture interest. In June 2004, upon entering into an agreement to finance the other joint venture partner's share of mine construction costs, we concluded that the joint venture had become a VIE and that we are the primary beneficiary. From June 2004 onwards, we began consolidating 100% of the joint venture, recording a non-controlling interest for the interest held by the other joint venture partner. The carrying value of assets that are collateral for the VIEs obligations are property, plant and equipment of \$63 million and working capital of \$24 million. The creditors of the joint venture have recourse only to the assets of the joint venture and not to any other assets of Barrick.

We hold our interests in the Round Mountain, Hemlo, Marigold and Kalgoorlie mines through unincorporated joint ventures under which we share joint control of operating, investing and financing decisions with the other joint venture partners. We use the proportionate consolidation method to account for our interests in these unincorporated joint ventures. For further information refer to note 25.

### c) Foreign Currency Translation

The functional currency of all our operations is the US dollar. We translate non-US dollar balances into US dollars as follows:

- non-monetary assets and liabilities using historical rates;
- monetary assets and liabilities using closing rates with translation gains and losses recorded in earnings; and
- income and expenses using average exchange rates, except for expenses that relate to non-monetary assets and liabilities measured at historical rates.

### d) Use of Estimates

The preparation of these financial statements requires us to make estimates and assumptions. The most significant ones are: quantities of proven and probable gold reserves; the value of mineralized material beyond proven and probable reserves; future costs and expenses to produce proven and probable reserves; future commodity prices and foreign currency exchange rates; the future cost of asset retirement obligations; the amounts of contingencies; and assumptions used in the accounting for employee stock options such as volatility, expected term and forfeiture rates for unvested options. Using these estimates and assumptions, we make various decisions in preparing the financial statements including:

- the treatment of mine development costs as either an asset or an expense;
- whether long-lived assets are impaired, and if so, estimates of the fair value of those assets and any corresponding impairment charge;
- our ability to realize deferred income tax assets;
- the useful lives of long-lived assets and the measurement of amortization;
- the fair value of asset retirement obligations;
- the likelihood of loss contingencies occurring and the amount of any potential loss;
- whether investments are impaired; and
- the amount of stock option expense included in pro forma stock option disclosures.

As the estimation process is inherently uncertain, actual future outcomes could differ from present estimates and assumptions, potentially having material future effects on our financial statements.

### e) Accounting Changes

#### Cumulative Effect of Accounting Changes on Earnings

##### Earnings increase (decrease)

For the years ended December 31

	2005	2004	2003
Adoption of FAS 143 <sup>1</sup>	\$ —	\$ —	\$ 4
Underground mine development costs <sup>2</sup>	—	—	(21)
Adoption of EITF-04-6 <sup>3</sup>	6	—	—
Total	\$ 6	\$ —	\$ (17)

1. On adoption of FAS 143 on January 1, 2003, we recorded an increase in property, plant and equipment of \$39 million; an increase in other long-term obligations of \$32 million; and an increase in deferred income tax liabilities of \$3 million; as well as a \$4 million credit in earnings for the cumulative effect of this change.
2. On January 1, 2003, we changed our accounting policy for amortization of underground mine development costs to exclude estimates of future underground development costs. On January 1, 2003, we recorded a decrease in property, plant and equipment of \$19 million; an increase in deferred income tax liabilities of \$2 million; and a \$21 million charge to earnings for the cumulative effect of this change.
3. In second quarter 2005, we adopted EITF 04-6 and changed our accounting policy for stripping costs incurred in the production phase. Prior to adopting EITF 04-6, we capitalized stripping costs incurred in the production phase, and we recorded amortization of the capitalized costs as a component of the cost of inventory produced each period. Under EITF 04-6, stripping costs are recorded directly as a component of the cost of inventory produced each period. Using an effective date of adoption of January 1, 2005, we recorded a decrease in capitalized mining costs of \$226 million; an increase in the cost of inventory of \$232 million; and a \$6 million credit to earnings for the cumulative effect of this change. For the year ended December 31, 2005, the effect of adopting EITF 04-6 compared to the prior policy was an increase in net income of \$44 million (\$0.08 per share), excluding the cumulative effect on prior periods.

#### FSP FAS 115-1 and FAS 124-1, The Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments

FSP FAS 115-1 and FAS 124-1 was issued in November 2005 to provide further guidance to determine when an investment is considered impaired, whether the impairment is other than temporary, and the measurement of an impairment loss. We prospectively adopted this FSP in fourth quarter 2005. Our accounting policy for assessing the impairment of investments is described in note 11. The adoption of FSP FAS 115-1 and FAS 124-1 in 2005 had no effect on our financial statements.



## **FIN 47, Accounting for Conditional Asset Retirement Obligations (AROs)**

FIN 47 was issued in March 2005 and is effective for our 2005 fiscal year. It relates to the accounting for a legal obligation to perform an asset retirement activity, when the timing or method of settlement is conditional on a future event, which may not be within our control. Under FIN 47, a liability for the fair value of a conditional ARO is recorded if the fair value can be reasonably estimated. FIN 47 was issued because of diversity in practice in applying FAS 143. Some entities recorded AROs prior to the retirement of an asset, while other entities recorded the ARO only when it was either probable that the asset would be retired or when the asset was actually retired. The adoption of FIN 47 in 2005 had no significant effect on the amount of AROs recorded in our financial statements.

## **f) Accounting Developments**

### **FAS 123R, Accounting for Stock-Based Compensation**

FAS 123R is applicable to transactions in which an entity exchanges its equity instruments for goods and services. It focuses primarily on transactions in which an entity obtains employee services in share-based payment transactions. The principal reason for issuing FAS 123R was to address concerns of users of financial statements, including institutional and individual investors that using an intrinsic value method results in financial statements that do not faithfully represent the economic effect of the receipt and consumption of employee services in exchange for equity instruments. FAS 123R addresses these concerns by requiring an entity to recognize the cost of employee services received in share-based payment transactions, thereby reflecting the economic consequences of those transactions in the financial statements. A further reason was to improve the comparability of reported financial information by eliminating alternative accounting methods. By requiring the fair-value-based method for all public entities, FAS 123R eliminates an alternative accounting method; consequently, similar economic transactions will be accounted for similarly. FAS 123R requires that the fair value of such equity instruments be recorded as an expense as services are performed. Equity instruments included under the scope of FAS 123R are our stock options, restricted share units (RSUs) and deferred share units (DSUs). Prior to FAS 123R, a company could elect to account for the cost of employee stock options using an intrinsic value approach based on the excess of the market price at the date of grant over the exercise price, and provide pro forma disclosures of the effect of accounting for employee stock options using a fair value approach. The adoption of FAS 123R will not have a significant impact on how we account for RSUs and DSUs. We intend to adopt FAS 123R for our first quarter 2006 financial statements. FAS 123R permits different transition methods including retroactive adjustment of prior periods as far back as 1995 to give effect to the fair-value-based method of accounting for awards granted in those prior periods; or a modified prospective application beginning in 2006. For further information see note 22.

### **FAS 151, Inventory Costs**

FAS 151 specifies the general principles applicable to the pricing and allocation of certain costs to inventory. FAS 151 is the result of a broader effort by the Financial Accounting Standards Board (FASB) to improve the comparability of cross-border financial reporting by working with the International Accounting Standards Board (IASB) toward development of a single set of high-quality accounting standards. As part of that effort, the FASB and the IASB identified opportunities to improve financial reporting by eliminating certain narrow differences between their existing accounting standards. The accounting for inventory costs, in particular, abnormal amounts of idle facility expense, freight, handling costs, and spoilage, is one such narrow difference that the FASB decided to address by issuing FAS 151. As currently worded in ARB 43, Chapter 4, the term "abnormal" was not defined and its application could lead to unnecessary noncomparability of financial reporting. FAS 151 eliminates that term. Under FAS 151, abnormal amounts of idle facility expense, freight, handling costs and wasted materials are recognized as current period charges rather than capitalized to inventory. FAS 151 also requires that the allocation of fixed production overhead to the cost of inventory be based on the normal capacity of production facilities. FAS 151 will be effective beginning in first quarter 2006.

## **FAS 154, Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20 and FAS 3**

FAS 154 relates to the accounting for and reporting of a change in accounting principle and applies to all voluntary changes in accounting principles. The reporting of corrections of an error by restating previously issued financial statements is also addressed by this statement. FAS 154 applies to authoritative pronouncements in the event they do not include specific transition provisions. When an authoritative pronouncement includes specific transition provisions, those provisions should be followed. FAS 154 requires retrospective application to prior periods' financial statements of changes in accounting principle, unless the period-specific effects or cumulative effects of an accounting change are impracticable to determine, in which case the new accounting principle is required to be applied to the assets and liabilities as of the earliest period practicable, with a corresponding adjustment made to opening retained earnings. Prior to FAS 154, most accounting changes were recorded effective at the beginning of the year of change, with the cumulative effect at the beginning of the year of change recorded as a charge or credit to earnings in the period a change was adopted. FAS 154 will be effective for accounting changes and corrections of errors occurring in 2006 onwards. FAS 154 does not change the transition provisions of any existing accounting pronouncements, including those that are in the transition phase as of the effective date of FAS 154.

## **Exposure Draft, Accounting for Uncertain Tax Positions**

In July 2005, the FASB issued an exposure draft on Accounting for Uncertain Tax Positions — an Interpretation of FASB Statement No. 109. The interpretation has been developed because of diversity in practice for accounting for uncertain tax positions. Some entities record tax benefits for uncertain tax positions as they are filed on the income tax return, while others use either gain contingency accounting or a probability threshold.

The exposure draft requires companies to record the best estimate of the benefits of an uncertain tax position only if it is probable of being sustained on audit by the taxing authority based solely on the technical merits of the position. Under the draft Interpretation, benefits from tax positions that previously failed to meet the recognition threshold would be recognized in any subsequent period in which that threshold is met. Previously recognized tax benefits from positions that no longer meet a more-likely-than-not recognition threshold would be de-recognized by recording an income tax liability or eliminating a deferred tax asset in the period in which it is more likely than not that the tax position will not be sustained. The requirement to assess the need for a valuation allowance for deferred tax assets based on the sufficiency of future taxable income would be unchanged by the final Interpretation. The final Interpretation will also provide guidance on disclosure, accrual of interest and penalties, and accounting in interim periods and transition. In November 2005, the FASB decided to change the initial recognition threshold proposed in the exposure draft from "probable" to "more-likely-than-not". The FASB expects to issue a final Interpretation in 2006 that would be effective for our fiscal 2007 financial statements. After the final Interpretation is issued, we intend to complete our assessment of the impact on our financial statements.

## **g) Changes in Estimates**

### **Gold Mineral Reserves**

At the end of each fiscal year we update estimates of proven and probable gold mineral reserves at each mineral property. Following the update, we prospectively revise calculations of amortization of property, plant and equipment beginning in the first quarter of the next fiscal year. The effect of changes in reserve estimates at the end of 2004 on amortization expense for the fiscal year ended December 31, 2005 was a decrease of \$28 million (2004: \$15 million decrease; 2003: \$14 million decrease).

### **Asset Retirement Obligations (AROs)**

Each period we update cost estimates for AROs at each of our mineral properties to reflect new events, changes in circumstances and any new information that is available. The changes in these cost estimates generally have a corresponding impact on the fair value of the ARO. For closed mines any change in the fair value of AROs is included as a charge or credit within environmental remediation costs in other expense. An expense of \$15 million was recorded in 2005 for changes in cost estimates for AROs at closed mines (2004: \$22 million expense; 2003: \$10 million expense).

### **Tax Valuation Allowances**

For a description of changes in valuation allowances refer to note 8.

## h) Other Significant Accounting Policies

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## 3 ■ Business Combinations

### a) Acquisition of Placer Dome Inc. (“Placer Dome”)

#### Placer Dome Offer and Acceptance

On October 31, 2005 we announced a proposed acquisition of Placer Dome. In early 2006, we offered to acquire all of the outstanding common shares of Placer Dome for either US\$22.50 in cash or 0.8269 of a Barrick common share plus US\$0.05 in cash per Placer Dome common share, subject in each case to pro ration of a maximum cash amount of \$1,344 million. Funding for the maximum cash amount will be from our \$1 billion credit and guarantee agreement, with any excess from our existing cash position. By February 3, 2006, 419 million common shares of Placer Dome had been validly deposited to our offer. We took up and accepted for payment all of such shares, which represented about 94% of the common shares of Placer Dome. For the common shares tendered by February 3, 2006, the aggregate cash consideration was US\$1,161 million and the aggregate number of Barrick common shares issued was 304 million shares.

Placer Dome is one of the world's largest gold mining companies, and produced 3.6 million ounces of gold and 359 million pounds of copper in 2005 (unaudited). It has 12 producing mines based in North America, South America, Africa and Australia/New Guinea, and four projects that are in various stages of exploration/ development. Its most significant mines are Cortez in the United States, Zaldívar in Chile, Porgera in New Guinea, North Mara in Tanzania and South Deep in South Africa. The most significant projects are Cortez Hills and Donlin Creek in the United States, and Pueblo Viejo in the Dominican Republic. We plan to sell Placer Dome's Canadian mines to Goldcorp Inc. (“Goldcorp”), as well as certain other interests in mineral properties. Placer Dome had a gold hedge position totaling 7.2 million ounces at the date of acquisition. Furthermore, Placer Dome has gold lease rate swaps where the obligation was expressed in ounces. We plan to focus on reducing this acquired hedge position over time, consistent with the plans for our existing gold hedge position.

We believe that the business combination between ourselves and Placer Dome is a unique opportunity to create a Canadian-based leader in the global gold mining industry. This business combination strengthens our position, including in respect of reserves, production, growth opportunities, and balance sheet strength.

## Accounting for the Placer Dome Acquisition

The Placer Dome acquisition will be accounted for as a purchase business combination, with Barrick as the accounting acquirer. We secured control of Placer Dome on January 19, 2006, which is the accounting acquisition date with the results of operations of Placer Dome consolidated from January 20, 2006. Assuming 100% of the outstanding common shares of Placer Dome are acquired, the purchase cost is estimated at \$10.1 billion, including all the consideration issued in the form of cash, Barrick common shares, and direct costs related to the acquisition.

Value of 322.8 million Barrick common shares at \$27.14 per share	\$ 8,761
Cash	1,344
Transaction costs	25
	<u>\$ 10,130</u>

The measurement of the purchase consideration will be based on a Barrick common share price of \$27.14, representing the average closing price on the New York Stock Exchange for the two days prior to and two days after the public announcement of our final offer for Placer Dome.

The purchase cost will be allocated to the underlying assets acquired and liabilities assumed based upon their estimated fair values at the date of acquisition. We will determine the estimated fair values based on independent appraisals, discounted cash flows, quoted market prices, and estimates made by management. To the extent that the purchase cost exceeds the fair value of the net identifiable tangible and intangible assets acquired, such excess will be allocated to goodwill. The following table summarizes the current allocation of the Placer Dome purchase cost to assets and liabilities. It reflects only certain limited fair value adjustments for identifiable assets and liabilities acquired, including an adjustment for the fair value of derivatives at acquisition. The purchase price allocation is preliminary and subject to adjustment following completion of the valuation process and analysis of tax effects. The difference between the cost of acquisition and the values of net assets acquired has been presented as "unallocated purchase price".

## Condensed Balance Sheet at Acquisition <sup>1</sup>

Cash	\$ 880
Other current assets	738
Property, plant and equipment	2,371
Goldcorp assets	298
Other assets	696
Unallocated purchase price	8,652
Total assets	<u>13,635</u>
Current liabilities	522
Goldcorp liabilities	77
Long-term debt	1,107
Other long-term obligations	1,799
Total liabilities	<u>3,505</u>
Net assets acquired	<u>\$ 10,130</u>

1. For the purposes of presenting a summary of assets and liabilities acquired, the balance sheet of Placer Dome at December 31, 2005 has been used as a proxy for the balance sheet on January 19, 2006. We do not expect any material differences between the balance sheet at January 19, 2006 and the balance sheet at December 31, 2005.

## b) Sale of Operations to Goldcorp

Goldcorp has agreed, subject to conditions to acquire from us, all of Placer Dome's Canadian properties and operations (other than Placer Dome's offices in Vancouver and Toronto), including all mining, reclamation and exploration properties, Placer Dome's interest in the La Coipa mine in Chile, 40% of Placer Dome's interest in the Pueblo Viejo project in the Dominican Republic, certain related assets and, at the option of Goldcorp, our share in Agua de la Falda S.A., which includes our interest in the Jeronimo project (collectively, the "Goldcorp Assets"). Goldcorp will be responsible for all liabilities relating solely to the Goldcorp Assets, including employment commitments and environmental, closure and reclamation liabilities (collectively, the "Goldcorp Liabilities").

The estimated sales proceeds from Goldcorp are about \$1,500 million, subject to certain adjustments on closing that are defined in the sale agreement. The results of operations will be consolidated into Barrick until the closing of the sale of operations to Goldcorp. On closing of the sale, the assets and liabilities relating to those operations, as well as a portion of the unallocated purchase price will be removed from our balance sheet. We do not expect to record a significant gain or loss on closing of the sale. At December 31, 2005, the carrying amount of assets was about \$298 million and liabilities was about \$77 million relating to the operations that will be sold to Goldcorp.

### c) Pro Forma Information (Unaudited)

#### Pro Forma Consolidated Statement of Income

For the year ended December 31, 2005  
(\$ millions of US dollars,  
except per share data in dollars)

	As reported		Pro forma purchase adjustments <sup>1</sup>		Pro forma consolidated Barrick before sale of certain operations to Goldcorp	Pro forma adjustments for sale of certain operations to Goldcorp <sup>2</sup>	(e)	Pro forma consolidated Barrick
	Barrick	Placer Dome						
<b>Sales</b>	\$2,350	\$ 1,978			\$ 4,328	\$ (251)	(e)	\$ 4,077
<b>Costs and expenses</b>								
Cost of sales <sup>3</sup>	1,214	1,271			2,485	(177)	(e)	2,308
Amortization	427	264			691	(35)	(e)	656
Corporate administration	71	68			139			139
Exploration, development and business development	141	178			319	(28)	(e)	291
	1,853	1,781			3,634	(240)		3,394
<b>Other (income) expense</b>								
Interest income	(38)	(44)	(5)	(a)	(87)			(87)
Equity in investees	6	(4)			2	4	(e)	6
Interest expense	7	92	48	(b)	147	(49)	(b)	98
Impairment of long-lived assets	—	—						
Other	67	40	(21)	(c)	86			86
	42	84	22		148	(45)		103
<b>Income before income taxes and other items</b>	455	113	(22)		546	34		580
Income tax expense	(60)	(21)	10	(d)	(71)	(14)	(f)	(85)
Minority interest	—	2			2			2
<b>Income before cumulative effect of changes in accounting principles</b>	395	94	(12)		477	20		497
Cumulative effect of changes in accounting principles, net of tax	6	(14)			(8)			(8)
<b>Net income</b>	\$ 401	\$ 80	\$ (12)		\$ 469	\$ 20		\$ 489
<b>Earnings per share data:</b>								
Net income								
Basic and diluted	\$ 0.75	\$ 0.18						\$ 0.57

1. Adjustments to reflect certain estimated effects of purchase accounting.

2. Adjustments to reflect the estimated effects of the sale of certain Placer Dome operations to Goldcorp.

3. Exclusive of amortization.

## Pro Forma Consolidated Balance Sheet

As at December 31, 2005 (\$ millions of US dollars)	As reported		Pro forma purchase adjustments <sup>1</sup>		Pro forma consolidated Barrick before sale of certain operations to Goldcorp	Pro forma adjustments for sale of certain operations to Goldcorp <sup>2</sup>		Pro forma consolidated Barrick
	Barrick	Placer Dome						
<b>Assets</b>								
<b>Current assets</b>								
Cash and equivalents	\$1,037	\$ 880	152	(g)	\$ 2,069	\$ 1,500	(t)	\$ 2,225
						(1,344)	(u)	
Restricted cash		150			150			150
Accounts receivable	54	152			206	(6)	(v)	200
Inventories	402	310			712	(25)	(v)	687
Other current assets	255	157			412			412
	1,748	1,649	152		3,549	125		3,674
Available-for-sale securities	62	22			84			84
Equity method investments	138	33			171	(33)	(v)	138
Property, plant and equipment	4,146	2,592			6,738	(221)	(v)	6,517
Capitalized mining costs	—	240	(240)	(h)	—			—
Non-current ore in stockpiles	251	63			314	(11)	(v)	303
Other assets	517	641	(17)	(i)	1,141	(2)	(v)	1,139
Goodwill	—	454	(454)	(j)	—			—
Unallocated purchase price	—	—	8,500	(k)	8,500	(1,279)	(w)	7,221
<b>Total assets</b>	<b>6,862</b>	<b>5,694</b>	<b>7,941</b>		<b>20,497</b>	<b>(1,421)</b>		<b>19,076</b>
<b>Liabilities and shareholders' equity</b>								
<b>Current liabilities</b>								
Accounts payable	386	305	25	(l)	716	(24)	(v)	692
Short-term debt	—	—	1,344	(m)	1,344	(1,344)	(u)	—
Current portion of long-term debt	80	152			232			232
Other current liabilities	94	89			183			183
	560	546	1,369		2,475	(1,368)		1,107
Long-term debt	1,721	1,107			2,828			2,828
Asset retirement obligations	409	294			703	(21)	(v)	682
Other long-term obligations	208	260	1,051	(n)	1,519	(32)	(v)	1,487
Deferred income tax liabilities	114	247			361			361
<b>Total liabilities</b>	<b>3,012</b>	<b>2,454</b>	<b>2,420</b>		<b>7,886</b>	<b>(1,421)</b>		<b>6,465</b>
<b>Shareholders' equity</b>								
Capital stock	4,222	2,555	152	(g)				
			(2,707)	(o)				
			8,761	(p)	12,983			12,983
Retained earnings (deficit)	(341)	624	(624)	(q)	(341)			(341)
Accumulated other comprehensive income	(31)	(12)	12	(r)	(31)			(31)
Contributed surplus	—	73	(73)	(s)	—			—
<b>Total shareholders' equity</b>	<b>3,850</b>	<b>3,240</b>	<b>5,521</b>		<b>12,611</b>			<b>12,611</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$6,862</b>	<b>\$ 5,694</b>	<b>7,941</b>		<b>\$ 20,497</b>	<b>\$ (1,421)</b>		<b>\$ 19,076</b>

1. Adjustments to reflect certain estimated effects of purchase accounting.

2. Adjustments to reflect the estimated effects of the sale of certain Placer Dome operations to Goldcorp.

## Basis of Presentation

This unaudited pro forma consolidated financial statement information has been prepared by us for illustrative purposes only to show the effect of the acquisition of Placer Dome by Barrick. The unaudited pro forma consolidated statement information assumes that Barrick will acquire all of Placer Dome's outstanding shares and exchange any outstanding Placer Dome stock options for equivalent Barrick stock options. The unaudited pro forma consolidated financial statement information assumes that all in-the-money Placer Dome stock options will be exercised and included in the outstanding Placer Dome shares to be acquired by Barrick. Barrick has entered into an agreement with Goldcorp that will result in the sale of certain operations and projects of Placer Dome, including the Canadian operations, the La Coipa mine and a 40% interest in the Pueblo Viejo project. Barrick will receive about \$1,500 million in cash from Goldcorp for the sale of these operations (assuming no adjustments are required). This unaudited pro forma consolidated financial statement information assumes that there will be no tax consequences to Barrick for the sale of these operations to Goldcorp. Pro forma adjustments for the assumed effect of the sale of these operations to Goldcorp on the results of operations of Barrick have been reflected in this unaudited pro forma consolidated financial statement information.

The unaudited pro forma consolidated financial statement information is not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the events reflected herein occurred on the dates indicated. Actual amounts recorded upon finalization of purchase price adjustments and subsequent sale of certain Placer Dome operations to Goldcorp will likely differ from those recorded in this unaudited pro forma consolidated financial statement information. Any potential synergies that may be realized and integration costs that may be incurred have been excluded from the unaudited pro forma financial statement information, including Placer Dome transaction costs and amounts payable under change of control agreements to certain members of management that are estimated at a combined total of \$93 million. The information prepared is only a summary.

In preparing the unaudited pro forma consolidated financial statement information, an initial review was undertaken to identify Placer Dome accounting policy differences where the impact was potentially material and could be reasonably estimated. Further accounting policy differences may be identified. In particular, we adopted EITF 04-6, Accounting for Stripping Costs Incurred during Production in the Mining Industry, effective January 1, 2005, whereas Placer Dome has not yet adopted EITF 04-6. Estimates concerning the impact of Placer Dome applying EITF 04-6 in the unaudited pro forma consolidated financial statement information have not yet been finalized and no adjustment has been recorded. The effects on the Placer Dome mines of adopting EITF 04-6 could be significant.

The unaudited pro forma consolidated statement of income for the year ended December 31, 2005 has been prepared from the statements of income for each of Barrick and Placer Dome for the period after giving pro forma effect to the acquisition of Placer Dome by Barrick and subsequent sale of certain operations to Goldcorp as if both transactions had occurred on January 1, 2005 based on the assumptions below.

The unaudited pro forma consolidated balance sheet as at December 31, 2005 has been prepared from the consolidated balance sheets of Barrick and Placer Dome as at December 31, 2005, after giving pro forma effect to the acquisition of Placer Dome by Barrick and subsequent sale of certain operations to Goldcorp as if both transactions had occurred on December 31, 2005 based on the assumptions below.

## Pro Forma Assumptions and Adjustments

The acquisition of Placer Dome will be accounted for using the purchase method of accounting. Certain adjustments have been reflected in this unaudited pro forma consolidated statement of income to illustrate the effects of purchase accounting and to reflect the impact of the sale of certain Placer Dome operations to Goldcorp, where the impact could be reasonably estimated. In 2006, we will complete an exercise to value the identifiable assets and liabilities acquired, including any goodwill that may arise in the acquisition.

On December 31, 2005, Placer Dome had certain convertible debt and stock options outstanding, which if converted/exercised would result in an increase in Placer Dome common shares outstanding by approximately 22.7 million shares. This unaudited pro forma consolidated financial statement information reflects the issuance by Placer Dome of approximately 10.1 million shares on exercise of in-the-money stock options

of Placer Dome at December 31, 2005, but excludes the impact of 12.6 million potential shares that could theoretically be issued due to the conversion/exercise of Placer Dome's convertible debt and other stock options.

We have not yet determined the fair value of all identifiable assets and liabilities acquired, the amount of the purchase price that may be allocated to goodwill, or the complete impact of applying purchase accounting on the income statement. Therefore, after reflecting the pro forma purchase adjustments identified to date, the excess of the purchase consideration over the adjusted book values of Placer Dome's assets and liabilities has been presented as "unallocated purchase price". In 2006, the fair value of all identifiable assets and liabilities acquired as well as any goodwill arising upon the acquisition will be determined. On completion of valuations, with a corresponding adjustment to the historic carrying amounts of property, plant and equipment, or on recording of any finite life intangible assets on acquisition, these adjustments will impact the measurement of amortization recorded in our consolidated income statement for periods after the date of acquisition. We estimate that a \$100 million adjustment to the carrying amount of property, plant and equipment of Placer Dome would result in a corresponding adjustment to amortization expense in the pro forma statement of income by approximately \$6 million for the year ended December 31, 2005. No pro forma adjustments have been reflected for any changes in deferred tax assets or liabilities that would result from recording Placer Dome's identifiable assets and liabilities at fair value as the process of estimating the fair value of identifiable assets and liabilities is not complete.

### Pro Forma Adjustments

The unaudited pro forma consolidated statement of income reflects the following adjustments as if the acquisition of 100% of Placer Dome and subsequent sale of certain operations to Goldcorp had occurred on January 1, 2005:

- (a) An increase in interest income by \$5 million for the year ended December 31, 2005 to reflect interest income earned on the cash proceeds generated by the assumed exercise of Placer Dome stock options.
- (b) An increase in interest expense by \$48 million for the year ended December 31, 2005 to reflect the interest costs (net of amounts that would have been capitalized to Barrick development projects) relating to the cash component of the Offer that will be financed through temporary credit facilities. A decrease in interest expense by \$49 million for the year ended December 31, 2005 to reflect the assumed avoidance of interest on the temporary financing for the cash component of the Offer assuming the repayment of such financing from the receipt of cash proceeds from the sale of certain Placer Dome operations to Goldcorp.
- (c) A decrease in other expense by \$21 million to de-recognize non-recurring transaction costs recorded by Placer Dome relating to the Barrick offer.
- (d) A credit to tax expense of \$10 million for the year ended December 31, 2005 to reflect the tax effect of the pro forma purchase adjustments in (a) through (c).
- (e) Adjustments to de-recognize the revenues and expenses for the year ended December 31, 2005 relating to the Placer Dome operations that will be sold to Goldcorp.
- (f) Adjustments to de-recognize income tax expense for the operations that will be sold to Goldcorp for the year ended December 31, 2005 and to record the tax effect of other pro forma adjustments relating to the sale of certain Placer Dome operations to Goldcorp.

The unaudited pro forma consolidated balance sheet reflects the following adjustments as if the acquisition of 100% of Placer Dome and subsequent sale of certain operations to Goldcorp had occurred on December 31, 2005:

- (g) An increase in cash and equivalents by \$152 million with a corresponding increase in Placer Dome's capital stock, to reflect the proceeds received by Placer Dome on exercise of 10.1 million in-the-money Placer Dome stock options.
- (h) A reduction in capitalized mining costs by \$240 million to de-recognize this asset of Placer Dome, which will not be recorded as a separate identifiable asset on acquisition.
- (i) A reduction in other assets by \$17 million to de-recognize deferred debt issue costs of Placer Dome that will not be recorded as a separate identifiable asset on acquisition.
- (j) The de-recognition of goodwill of \$454 million that was recorded by Placer Dome for previous business combinations.
- (k) An adjustment of \$8,500 million to reflect the unallocated purchase price.



- (l) An increase in accounts payable by \$25 million to record estimated transaction costs relating to the acquisition of Placer Dome.
- (m) An increase in short-term debt by \$1,344 million to reflect temporary financing by Barrick for the cash component of the Offer.
- (n) An increase in other long-term obligations by \$1,051 million to record the estimated fair value of Placer Dome's metal sales contracts at December 31, 2005.
- (o) A reduction in capital stock of \$2,707 million to de-recognize Placer Dome's historic capital stock (including the adjustment for the assumed exercise of in-the-money stock options).
- (p) An increase in capital stock by \$8,761 million to record the value of common shares of Barrick issued in respect of the assumed share component of the Offer.
- (q) An adjustment of \$624 million to de-recognize Placer Dome's historic retained earnings. (r) An adjustment of \$12 million to de-recognize Placer Dome's historic accumulated other comprehensive income.
- (r) An adjustment of \$12 million to de-recognize Placer Dome's historic accumulated other comprehensive income.
- (s) An adjustment of \$73 million to de-recognize Placer Dome's historic contributed surplus. (t) An increase in cash and equivalents by \$1,500 million to record the assumed cash receipts by Barrick for the sale of the Placer Dome operations to Goldcorp.
- (t) An increase in cash and equivalents by \$1,500 million to record the assumed cash receipts by Barrick for the sale of the Placer Dome operations to Goldcorp.
- (u) A decrease in cash and equivalents by \$1,344 million and a corresponding decrease in short-term debt to reflect the assumed repayment of the temporary financing used to fund the cash component of the Offer upon the receipt of the cash proceeds from Goldcorp relating to the sale of certain Placer Dome operations.
- (v) Adjustments to de-recognize the estimated carrying amount of the Placer Dome assets and liabilities included in the Placer Dome operations that will be sold to Goldcorp.
- (w) A reduction in the unallocated purchase price by \$1,279 million to adjust for the unallocated purchase price relating to the sale of Placer Dome operations to Goldcorp.

### Pro Forma Earnings Per Share

For the year ended December 31, 2005  
(millions of shares or US dollars, except per share data in dollars)

Actual weighted average number of Barrick common shares outstanding	536
Assumed number of Barrick common shares issued to Placer Dome shareholders	323
Pro forma weighted average number of Barrick common shares outstanding	859
Pro forma net income	\$ 489
Pro forma earnings per share — basic	\$ 0.57
Pro forma weighted average number of Barrick common shares outstanding	859
Dilutive effect of stock options	2
Pro forma weighted average number of Barrick common shares outstanding — diluted	861
Pro forma earnings per share — diluted	\$ 0.57

### d) Summary Historical Placer Dome Financial Information (Unaudited)

While there are publicly-traded shares of Placer Dome outstanding, we are required to present certain summary consolidated financial information relating to Placer Dome. This information has been prepared on a historical cost basis in accordance with the US GAAP accounting policies of Placer Dome, which in certain respects differ from the accounting policies of Barrick.

For the years ended December 31	2005	2004
<b>Income statement information</b>		
Total revenues	\$ 1,978	\$ 1,888
Net income	\$ 80	\$ 284
<b>Balance sheet information</b>		
Current assets	\$ 1,649	\$ 1,636
Non-current assets	4,045	3,908
Current liabilities	546	453
Non-current liabilities	1,908	1,927
Net assets	\$ 3,240	\$ 3,164

### e) Acquisition of Mineral Interest in Pakistan

On February 14, 2006, we entered into an agreement with Antofagasta plc ("Antofagasta") to acquire 50% of Tethyan Copper Company's ("Tethyan") Reko Diq project and associated mineral interests in Pakistan in the event that Antofagasta is successful in its bid to acquire Tethyan. Upon successful completion of the bid, we will reimburse Antofagasta approximately \$100 million in cash for 50% of the acquisition, including the claw-back right to be acquired/extinguished from BHP Billiton who have a right to claw back a material interest in certain Tethyan's mineral interests.

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## 4 ■ Segment Information

Our operations are managed on a regional basis. Our four regional business units are North America, Australia/Africa, South America and Russia/Central Asia. Financial information for each of our mines and our exploration group is reviewed regularly by our chief operating decision maker.

Segment income for operating segments comprises segment revenues less segment operating costs and segment amortization in the format that internal management reporting is presented to the chief operating decision maker. For internal management reporting purposes, we measure segment revenues and income using the average consolidated realized gold selling price for each period. Segment expenses represent our internal presentation of costs incurred to produce gold at each operating mine, and exclude the following costs that we do not allocate to operating segments: environmental remediation costs at closed mines; regional business unit overhead; amortization of corporate assets; business development costs; administration costs; impairments of long-lived assets; other income/expense; and the costs of financing their activities. Segment expenses for development projects and the exploration group represent expensed exploration, mine development and mine start-up costs.

### Income Statement Information

For the years ended December 31	Gold sales			Segment expenses <sup>1</sup>			Segment income (loss)		
	2005	2004	2003	2005	2004	2003	2005	2004	2003
Goldstrike	\$ 877	\$ 745	\$ 813	\$ 510	\$ 478	\$ 533	\$ 217	\$118	\$120
Round Mountain	164	148	139	93	85	68	54	46	51
Eskay Creek	72	112	130	8	9	18	38	52	65
Other producing mines	136	135	148	84	79	90	32	34	33
North America	1,249	1,140	1,230	695	651	709	341	250	269
Kalgoorlie	177	183	153	101	109	88	56	54	45
Plutonic	109	122	120	66	69	62	33	42	48
Bulyanhulu	129	135	109	108	96	74	(13)	5	(2)
Other producing mines	165	101	91	97	60	55	37	27	24
Cowal	—	—	—	9	1	—	(9)	(1)	—
Australia/Africa	580	541	473	381	335	279	104	127	115
Pierina	273	251	332	87	72	79	114	72	87
Lagunas Norte	248	—	—	62	12	29	157	(12)	(29)
Veladero	—	—	—	5	5	18	(5)	(5)	(18)
Pascua-Lama	—	—	—	6	4	—	(6)	(4)	—
Other	—	—	—	—	3	—	—	(3)	—
South America	521	251	332	160	96	126	260	48	40
Exploration group	—	—	—	109	96	67	(109)	(96)	(67)
Segment total	\$2,350	\$1,932	\$2,035	\$1,345	\$1,178	\$1,181	\$ 596	\$329	\$357

1. In 2005, we revised our internal definition of segment expenses to include accretion expense. Segment information for all the years presented reflects this change in the measurement of segment expenses.

## Geographic Information

For the years ended  
December 31

	Assets		Gold sales		
	2005	2004	2005	2004	2003
United States	\$ 1,991	\$ 1,976	\$ 1,073	\$ 911	\$ 970
Canada	531	406	176	229	260
North America	2,522	2,382	1,249	1,140	1,230
Australia	1,010	838	401	406	364
Tanzania	787	774	179	135	109
Australia/Africa	1,797	1,612	580	541	473
Peru	675	811	521	251	332
Argentina	1,001	645	—	—	—
Chile	222	120	—	—	—
South America	1,898	1,576	521	251	332
Other	645	717	—	—	—
	<b>\$ 6,862</b>	<b>\$ 6,287</b>	<b>\$ 2,350</b>	<b>\$ 1,932</b>	<b>\$ 2,035</b>

## Reconciliation of Segment Income

For the years ended December 31

	2005	2004	2003
Segment income	\$ 596	\$ 329	\$ 357
Other expenses at producing mines	—	8	(8)
Amortization of corporate assets	(18)	(27)	(25)
Business development costs	(10)	(18)	(17)
Corporate administration	(71)	(71)	(73)
Equity in investees	(6)	—	—
Interest income	38	25	31
Interest expense	(7)	(19)	(44)
Impairment of long-lived assets	—	(139)	(5)
Other income (expense)	(67)	(43)	6
Income before income taxes and other items	<b>\$ 455</b>	<b>\$ 45</b>	<b>\$ 222</b>

## Asset Information

For the years ended December 31

	Segment assets		Amortization <sup>1</sup>			Segment capital expenditures		
	2005	2004	2005	2004	2003	2005	2004	2003
Goldstrike	\$1,395	\$1,290	\$ 150	\$ 149	\$ 160	\$ 162	\$ 72	\$ 51
Round Mountain	52	67	17	17	20	1	5	6
Eskay Creek	66	91	26	51	47	2	7	5
East Archimedes	36	—	—	—	—	35	—	—
Other operating segments	82	91	20	22	25	18	20	18
North America	1,631	1,539	213	239	252	218	104	80
Plutonic	106	92	10	11	10	20	15	44
Kalgoorlie	354	277	20	20	20	12	10	14
Cowal	412	130	—	—	—	258	73	24
Bulyanhulu	574	566	34	34	37	37	46	36
Tulawaka	80	70	15	—	—	8	48	1
Other operating segments	93	89	16	14	12	18	12	21
Australia/Africa	1,619	1,224	95	79	79	353	204	140
Pierina	236	269	72	107	166	20	8	17
Lagunas Norte	384	220	29	—	—	141	182	4
Veladero	783	443	—	—	—	266	284	68
Pascua-Lama	389	286	—	—	—	98	35	9
South America	1,792	1,218	101	107	166	525	509	98
Segment total	5,042	3,981	409	425	497	1,096	817	318
Cash and equivalents	1,037	1,398	—	—	—	—	—	—
Other items not allocated to segments	783	908	18	27	25	8	7	4
Enterprise total	<b>\$6,862</b>	<b>\$6,287</b>	<b>\$ 427</b>	<b>\$ 452</b>	<b>\$ 522</b>	<b>\$1,104</b>	<b>\$ 824</b>	<b>\$ 322</b>

1. Includes amortization on assets under capital lease.

## 5 ■ Revenue and Gold Sales Contracts

For the years ended December 31

	2005	2004	2003
<b>Gold bullion sales</b>			
Spot market sales	\$ 1,940	\$ 1,111	\$ 426
Gold sales contracts	300	709	1,504
	<b>2,240</b>	<b>1,820</b>	<b>1,930</b>
Concentrate sales	110	112	105
	<b>\$ 2,350</b>	<b>\$ 1,932</b>	<b>\$ 2,035</b>

We record revenue when the following conditions are met: persuasive evidence of an arrangement exists; delivery and transfer of title have occurred under the terms of the arrangement; the price is fixed or determinable; and collectability is reasonably assured.

### Bullion Sales

We record revenue from gold and silver bullion sales at the time of physical delivery, which is also the date that title to the gold or silver passes. The sales price is fixed at the delivery date based on either the terms of gold sales contracts or the gold spot price. Incidental revenues from the sale of by-products such as silver are classified within cost of sales.

At December 31, 2005, we had fixed-price gold sales contracts with various customers for a total of 12.5 million ounces of future gold production and floating-price gold sales contracts for 0.7 million ounces. In 2005, we allocated 6.5 million ounces of fixed-price gold sales contracts specifically to Pascua-Lama. The allocation of these contracts will help reduce gold price risk at Pascua-Lama and will help secure financing for its construction. In addition to the gold sales contracts allocated to Pascua-Lama, we have 6 million ounces of Corporate gold sales contracts that we intend to settle through delivery of future gold production from our operating mines and development projects, excluding Pascua-Lama. The terms of the contracts are governed by master trading agreements (MTAs) that we have in place with the customers. The contracts have final delivery dates primarily over the next 10 years, but we have the right to settle these contracts at any time over this period. Contract prices are established at inception through to an interim date. If we do not deliver at this interim date, a new interim date is set. The price for the new interim date is determined in accordance with the MTAs which have contractually agreed price adjustment mechanisms based on the market gold price. The MTAs have both fixed and floating price mechanisms. The fixed-price mechanism represents the market price at the start date (or previous interim date) of the contract plus a premium based on the difference between the forward price of gold and the current market price. If at an interim date we opt for a floating price, the floating price represents the spot market price at the time of delivery of gold adjusted based on the difference between the previously fixed price and the market gold price at that interim date. The final realized selling price under a contract primarily depends upon the timing of the actual future delivery date, the market price of gold at the start of the contract and the actual amount of the premium of the forward price of gold over the spot price of gold for the periods that fixed selling prices are set. The mark-to-market value of the fixed-price gold sales contracts (at December 31, 2005) was negative \$1,453 million for the Pascua-Lama gold sales contracts and negative \$1,277 million for the Corporate gold sales contracts.

The difference between the forward price of gold and the current market price, referred to as contango, can be expressed as a percentage that is closely correlated to the difference between US dollar interest rates and gold lease rates. Historically short-term gold lease rates have been lower than longer-term rates. We use gold lease rate swaps to achieve a more economically optimal term structure for gold lease rates implicit in contango. Under the swaps we receive a fixed gold lease rate, and pay a floating gold lease rate, on a notional 1 million ounces of gold spread from 2005 to 2013. The swaps are associated with fixed-price gold sales contracts with expected delivery dates beyond 2006. Lease rate swaps are classified as non-hedge derivatives (note 16c) and had a fair value of \$66 million at December 31, 2005 (2004: \$74 million).

Floating spot price sales contracts were previously fixed-price forward sales contracts for which, in accordance with the terms of our MTAs, we have elected to receive floating spot gold and silver prices, adjusted based on the difference between the spot price and the contract price at the time of such election. Floating prices were elected for these contracts so that we could economically regain spot gold price leverage under the terms of delivery into these contracts. Furthermore, floating price mechanisms were elected for these contracts at a time when the then current market price was higher than the fixed price in the contract. The mark-to-market value of these contracts (at December 31, 2005) was negative \$89 million, which equates to an average reduction to the future spot sales price of approximately \$127 per ounce, when we deliver gold at spot prices against these contracts.

At December 31, 2005, one customer made up 11% of the ounces committed under gold bullion sales contracts.

## Concentrate Sales

Our Eskay Creek and Bulyanhulu mines produce gold in concentrate form. Our Pascua-Lama mine will also produce gold in concentrate form. Under the terms of concentrate sales contracts with independent smelting companies, gold sales prices are set on a specified future date after shipment based on market prices. We record revenues under these contracts at the time of shipment, which is also when title passes to the smelting companies, using forward market gold prices on the expected date that final sales prices will be fixed. Variations between the price recorded at the shipment date and the actual final price set under the smelting contracts are caused by changes in market gold prices, and result in an embedded derivative in the accounts receivable. The embedded derivative is recorded at fair value each period until final settlement occurs, with changes in fair value classified as a component of revenue. The notional amount typically outstanding is between ten and fifteen thousand ounces.

## 6 ■ Cost of Sales

For the years ended December 31	2005	2004	2003
Cost of goods sold <sup>1</sup>	\$ 1,265	\$ 1,128	\$ 1,118
By-product revenues <sup>2</sup>	(132)	(146)	(114)
Royalty expense	63	53	50
Mining taxes	18	12	15
	<u>\$ 1,214</u>	<u>\$ 1,047</u>	<u>\$ 1,069</u>

1. Cost of goods sold includes accretion expense at producing mines of \$11 million (2004: \$11 million; 2003: \$10 million). The cost of inventory sold in the period reflects all components capitalized to inventory, except that, for presentation purposes the component of inventory cost relating to amortization of property, plant and equipment is classified in the income statement under "amortization". Some companies present this amount under "cost of sales". The amount presented in amortization rather than cost of sales was \$409 million in 2005; \$425 million in 2004 and \$497 million in 2003. In 2004, cost of goods sold includes the reversal of \$15 million of accrued costs on resolution of the Peruvian tax assessment (see note 8).
2. We use silver sales contracts to sell a portion of silver produced as a by-product. Silver sales contracts have similar delivery terms and pricing mechanisms as gold sales contracts. At December 31, 2005, we had fixed-price commitments to deliver 14.8 million ounces of silver at an average price of \$5.92 per ounce and floating spot price silver sales contracts for 7.5 million ounces over periods primarily of up to 10 years. The mark-to-market on silver sales contracts (at December 31, 2005) was negative \$52 million.

## Royalties

Certain of our properties are subject to royalty arrangements based on mineral production at the properties. The most significant royalties are at the Goldstrike and Bulyanhulu mines and the Pascua-Lama and Veladero projects. The primary type of royalty is a net smelter return (NSR) royalty. Under this type of royalty we pay the holder an amount calculated as the royalty percentage multiplied by the value of gold production at market gold prices less third-party smelting, refining and transportation costs. Most Goldstrike production is subject to an NSR or net profits interest (NPI) royalty. The highest Goldstrike royalties are a 5% NSR and a 6% NPI royalty. Bulyanhulu is subject to an NSR-type royalty of 3%. Pascua-Lama gold production from the areas located in Chile is subject to a gross proceeds sliding scale royalty, ranging from 1.5% to 10%, and a 2% NSR on copper production. For areas located in Argentina, Pascua-Lama is subject to a 3% NSR on extraction of all gold, silver and other minerals. Production at Veladero is subject to a 3.75% NSR on extraction of all gold, silver and other minerals. Production at Lagunas Norte is subject to a 2.51% NSR on extraction of all gold and other minerals.

Royalty expense is recorded at the time of sale of gold production, measured using the applicable royalty percentage for NSR royalties or estimates of NPI amounts.

## 7 ■ Other (Income) Expense

### a) Impairment of Long-lived Assets

For the years ended December 31	2005	2004	2003
Eskay Creek <sup>1</sup>	\$ —	\$ 58	\$ —
Peruvian exploration properties <sup>2</sup>	—	67	—
Other	—	14	5
	<u>\$ —</u>	<u>\$ 139</u>	<u>\$ 5</u>

1. The asset group that comprises the Eskay Creek mine was tested for impairment effective December 31, 2004. The principal factors that caused us to test this asset group for impairment included: downward revisions to proven and probable reserves; the impact of the continued strengthening of the C\$ against the US\$ and upward revisions to expected asset retirement costs in the fourth quarter of 2004. An impairment charge of \$58 million was recorded, which represents the amount by which the carrying amount of the asset group exceeds its estimated fair value. Fair value was estimated using the method described in note 13c.
2. At the end of 2004, upon completion of the exploration program for the year, we assessed the results and updated our future plans for various exploration properties in Peru that were originally acquired through the Arequipa acquisition in 1996. We concluded that the results and future potential did not merit any further investment for these properties. The assets were tested for impairment, and an impairment charge of \$67 million was recorded that reflects the amounts by which their carrying amounts exceed their estimated fair values. The fair value of this group of assets was judged to be minimal due to the unfavorable results of exploration work on the properties.

## b) Other

For the years ended December 31

	2005	2004	2003
Non-hedge derivative gains (note 16c)	\$ (6)	\$ (5)	\$ (71)
Gains on sale of mining property, plant and equipment <sup>1</sup>	(5)	(36)	(36)
Gains on sale of investments (note 11)	(17)	(6)	(4)
Gain on Kabanga transaction	(15)	—	—
Environmental remediation costs <sup>2</sup>	28	36	48
Accretion expense at closed mines (note 17)	10	7	7
Impairment charges on investments (note 11)	16	5	11
World Gold Council fees	10	9	10
Inmet settlement	—	—	16
Legal costs for major litigation	8	5	3
Currency translation (gains) losses	(3)	1	(2)
Pension expense (note 23b)	1	—	4
Peruvian tax assessment	—	(6)	—
Severance at closed mines	—	4	—
Other items <sup>3</sup>	40	29	8
	<b>\$ 67</b>	<b>\$ 43</b>	<b>\$ (6)</b>

1. In 2005, we sold some land positions in Australia. In 2004 we sold various mining properties, including the Holt-McDermott mine in Canada and certain land positions around our inactive mine sites in the United States. In 2003 we sold various mining properties, including several land positions around inactive mine sites in the United States, as well as the East Malartic Mill and Bousquet mine in Canada. The majority of these land positions were fully amortized in prior years and therefore any proceeds generate gains on sale, before selling costs and taxes.

2. Includes costs at development projects and closed mines and changes in the expected costs of AROs at closed mines.

3. Includes certain costs incurred at regional business units that are not direct or indirect production costs.

## Kabanga Transaction

In April 2005, we finalized a joint-venture agreement with Falconbridge Limited ("Falconbridge") for the Kabanga nickel deposit and related concessions located in Tanzania. Under the terms of the agreement, Falconbridge acquired a 50% indirect joint venture interest for \$15 million cash and a funding commitment and has agreed to be the operator of the joint venture. On closing of the transaction with Falconbridge we recorded a gain of \$15 million.

Over the next several years, Falconbridge will fund and conduct a further \$50 million work plan that will include additional exploration and infill drilling, and technical work to update the resource model for Kabanga and bring the project towards feasibility. Falconbridge has initiated the establishment of a dedicated team in Tanzania to coordinate and advance the work plan. After expenditures of \$50 million, Falconbridge will decide on whether to proceed with the project. If Falconbridge proceeds with the project, they will fund the next \$95 million of any project development expenditures to advance the Kabanga project. Thereafter, Falconbridge and Barrick will share equally in joint-venture revenues and expenditures. Until Falconbridge has fully funded its commitment under the agreement, we are not obligated to share in any revenues and expenditures and none of the expenditures on the project will be recorded in our financial statements.

## Environmental Remediation Costs

During the production phases of a mine, we incur and expense the cost of various activities connected with environmental aspects of normal operations, including compliance with and monitoring of environmental regulations; disposal of hazardous waste produced from normal operations; and operation of equipment designed to reduce or eliminate environmental effects. In limited circumstances, costs to acquire and install plant and equipment are capitalized during the production phase of a mine if the costs are expected to mitigate risk or prevent future environmental contamination from normal operations.

When a contingent loss arises from the improper use of an asset, a loss accrual is recorded if the loss is probable and reasonably estimable. Amounts recorded are measured on an undiscounted basis, and adjusted as further information develops or if circumstances change. Recoveries of environmental remediation costs from other parties are recorded as assets when receipt is deemed probable.

## Inmet Settlement

In November 2003, we paid Inmet C\$111 million (US\$86 million), in full settlement of the Inmet litigation. The settlement resulted in an expense of US\$14 million in fourth quarter 2003, combined with post-judgment interest of \$2 million in the first nine months of 2003.



## 8 ■ Income Tax Expense (Recovery)

For the years ended December 31

	2005	2004	2003
<b>Current</b>			
Canada	\$ (3)	\$ 19	\$ 40
International	93	24	14
	<u>\$ 90</u>	<u>\$ 43</u>	<u>\$ 54</u>
<b>Deferred</b>			
Canada	\$ (15)	\$ (26)	\$ (32)
International	22	7	45
	<u>\$ 7</u>	<u>\$ (19)</u>	<u>\$ 13</u>
Income tax expense before elements below <sup>1</sup>	<u>\$ 97</u>	<u>\$ 24</u>	<u>\$ 67</u>
Outcome of tax uncertainties	—	(141)	—
Change in tax status in Australia	(5)	(81)	—
Net release of beginning of year valuation allowances	(32)	(5)	(62)
<b>Total expense (recovery)</b>	<u><b>\$ 60</b></u>	<u><b>\$ (203)</b></u>	<u><b>\$ 5</b></u>

1. All amounts are deferred tax items except for a \$21 million portion of the \$141 million recovery on resolution of the Peruvian tax assessment in 2004, which is a current tax item.

### Outcome of Tax Uncertainties

#### Peruvian Tax Assessment

On September 30, 2004, the Tax Court of Peru issued a decision in our favor in the matter of our appeal of a 2002 income tax assessment of \$32 million, excluding interest and penalties. The 2002 income tax assessment related to a tax audit of our Pierina Mine for the 1999 and 2000 fiscal years. The assessment mainly related to the validity of a revaluation of the Pierina mining concession, which affects its tax basis. Under the valuation proposed by the Peruvian tax agency, SUNAT, the tax basis of the Pierina mining concession would have changed from what we previously assumed with a resulting increase in current and deferred income taxes. The full life-of-mine effect on current and deferred income tax liabilities totaling \$141 million was fully recorded at December 31, 2002, as well as other related costs of about \$21 million (\$15 million post-tax).

In January 2005, we received confirmation in writing that there would be no appeal of the September 30, 2004 Tax Court of Peru decision. The confirmation concluded the administrative and judicial appeals process with resolution in Barrick's favor. In 2004, we recorded a \$141 million reduction in current and deferred income tax liabilities and a \$21 million reduction in other accrued costs in 2004, \$15 million of which is classified in cost of sales and \$6 million of which is classified in other (income) expense. Notwithstanding the favorable Tax Court decision we received in 2004 on the 1999 to 2000 revaluation matter, on audit, SUNAT has reassessed us on the same issue for 2001 to 2003. We and our advisors believe that the audit reassessment has no merit, that we will prevail, and accordingly no provision has been booked.

#### Changes in Tax Status in Australia

A tax law was enacted in Australia in 2002 that allows wholly owned groups of companies resident in Australia to elect to be treated as a single entity and to file consolidated tax returns. This regime is elective and the election is irrevocable. Under certain circumstances, the rules governing the election allow for a choice to reset the tax cost basis of certain assets within a consolidated group. Our election, which was effective for our 2004 fiscal year, resulted in an estimated upward revaluation of the tax basis of our assets in Australia, by \$110 million, with a corresponding \$33 million adjustment to deferred taxes. In 2005, based on additional facts and refinements, the adjustment was increased by \$5 million.

Also in 2004, we filed an election to use the US dollar as the functional currency for Australian tax calculations and tax returns, whereas previously the Australian dollar was used. Prior to this election, the favorable impact of changes in the tax basis of non-monetary assets caused by changes in the US\$:A\$ exchange rate were not recorded, as their realization was not certain. The election in 2004 created certainty about the realization of these favorable tax temporary differences and resulted in our recognition of these as deferred tax assets amounting to \$48 million. The impact of the change in tax status was to increase the amount of deductible temporary differences relating to non-monetary assets by \$48 million.

#### Release of Beginning of Year Valuation Allowances

In 2005, we released valuation allowances totaling \$31 million in Argentina, relating to the effect of the higher gold price environment and the anticipated commencement of sales in 2006. We released valuation allowances of \$2 million in Canada reflecting utilization of capital losses.



In 2004, we released valuation allowances totaling \$5 million relating to the consolidated tax return election in Australia. Valuation allowances released in 2003 mainly included: \$21 million in North America following a corporate reorganization of certain subsidiaries that enabled us to utilize certain previously unrecognized tax assets; \$16 million in Australia realized in 2003 due to an increase in taxable income from higher gold prices; and \$15 million in Argentina after the approval to begin construction of our new Veladero mine and classification of mineralization as a proven and probable reserve.

## Reconciliation to Canadian Federal Rate

For the years ended December 31	2005	2004	2003
At 38% statutory federal rate	\$ 173	\$ 17	\$ 84
Increase (decrease) due to:			
Allowances and special tax deductions <sup>1</sup>	(92)	(70)	(47)
Impact of foreign tax rates <sup>2</sup>	(51)	(5)	(42)
Expenses not tax-deductible	9	10	11
Release of beginning of year valuation allowances	(32)	(5)	(62)
Impact of changes in tax status in Australia	(5)	(81)	—
Valuation allowances set up against current year tax losses	59	65	53
Outcome of tax uncertainties	—	(141)	—
Mining taxes	1	5	9
Other items	(2)	2	(1)
Income tax expense (recovery)	\$ 60	\$ (203)	\$ 5

1. We are able to claim certain allowances and tax deductions unique to extractive industries that result in a lower effective tax rate.
2. We operate in multiple foreign tax jurisdictions that have tax rates different than the Canadian federal rate.

## Income Tax Returns

Our income tax returns for the major jurisdictions where we operate have been fully examined through the following years: Canada — 2001, United States — 2001, and Peru — 2003.

## 9 ■ Earnings per Share

For the years ended December 31  
(\$ millions, except shares in millions  
and per share amounts in dollars)

	2005	2004	2003
<b>Income before cumulative effect of changes in accounting principles</b>	<b>\$ 395</b>	<b>\$ 248</b>	<b>\$ 217</b>
Cumulative effect of changes in accounting principles	6	—	(17)
Income available to common stockholders	\$ 401	\$ 248	\$ 200
<b>Weighted average shares outstanding</b>			
Basic	536	533	539
Effect of dilutive stock options	2	1	—
Diluted	538	534	539
<b>Earnings per share</b>			
Income before cumulative effect of changes in accounting principles			
Basic	\$ 0.74	\$ 0.47	\$ 0.40
Diluted	\$ 0.73	\$ 0.46	\$ 0.40
Net income			
Basic	\$ 0.75	\$ 0.47	\$ 0.37
Diluted	\$ 0.75	\$ 0.46	\$ 0.37

Earnings per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if additional common shares are assumed to be issued under securities that entitle their holders to obtain common shares in the future. The number of additional shares for inclusion in diluted earnings per share calculations is determined using the treasury stock method, whereby stock options, whose exercise price is less than the average market price of our common shares, are assumed to be exercised and the proceeds are used to repurchase common shares at the average market price for the period. The incremental number of common shares issued under stock options and repurchased from proceeds is included in the calculation of diluted earnings per share.

On January 19, 2006 and February 3, 2006, together, we issued 304 million shares to acquire a 94% interest in the outstanding common shares of Placer Dome. We intend to acquire the remaining 6% interest through a compulsory acquisition procedure.

## 10 ■ Operating Cash Flow — Other Items

For the years ended December 31

	2005	2004	2003
<b>Income statement items:</b>			
Currency translation (gains) losses	\$ (3)	\$ 1	\$ 5
(Gains) losses on investments (note 11)	(17)	(6)	(4)
Gain on Kabanga transaction	(15)	—	—
Impairment charges on investments	16	5	11
Accounting changes (note 2e)	(6)	—	17
Equity in investee	(6)	—	—
Accretion expense (note 17)	21	18	17
Non-hedge derivative gains (note 16c)	(6)	(5)	(71)
Inmet litigation (note 7b)	—	—	16
ARO charges at closed mines (note 17)	15	22	10
Amortization of debt issue costs	2	3	1
Write-downs of inventory (note 12)	15	9	3
<b>Changes in:</b>			
Accounts receivable	4	(2)	3
Inventories	(151)	(51)	(1)
Capitalized mining costs	—	9	37
Goods and services taxes	(16)	(68)	(14)
Accounts payable	80	4	4
Other assets and liabilities	—	(8)	(75)
<b>Other items</b>	<b>—</b>	<b>—</b>	<b>4</b>
<b>Other net operating activities</b>	<b>\$ (67)</b>	<b>\$ (69)</b>	<b>\$ (37)</b>
<b>Operating cash flow includes net receipts (payments) for:</b>			
Asset retirement obligations	\$ (30)	\$ (33)	\$ (40)
Income taxes	(80)	(45)	(111)
Pension plan contributions	(20)	(22)	(23)
Interest	(112)	(57)	(48)

## 11 ■ Investments

### Available-for-sale Securities

	2005		2004	
At December 31	Fair value	Gains in OCI	Fair value	Gains in OCI
<b>Benefit plans: <sup>1</sup></b>				
Fixed-income securities	\$ 4	\$ —	\$ 11	\$ —
Equity securities	17	1	19	10
<b>Other investments:</b>				
Equity securities <sup>2</sup>	38	11	29	11
Restricted cash	3	—	2	—
	<b>\$ 62</b>	<b>\$ 12</b>	<b>\$ 61</b>	<b>\$ 21</b>

1. Under various benefit plans for certain former Homestake executives, a portfolio of marketable fixed-income and equity securities are held in a rabbi trust that is used to fund obligations under the plans.

2. At December 31, 2005, there were no available-for-sale securities in an unrealized loss position.

Available-for-sale securities are recorded at fair value with unrealized gains and losses recorded in other comprehensive income ("OCI"). Realized gains and losses are recorded in earnings when investments mature or on sale, calculated using the average cost of securities sold. If the fair value of an investment declines below its carrying amount, we undertake an assessment of whether the impairment is other-than-temporary. We consider all relevant facts or circumstances in this assessment, particularly: the length of time and extent to which fair value has been less than the carrying amount; the financial condition and near-term prospects of the investee, including any specific events that have impacted its fair value; both positive and negative evidence that the carrying amount is recoverable within a reasonable period of time; and our ability and intent to hold the investment for a reasonable period of time sufficient for an expected recovery of the fair value up to or beyond the carrying amount. We record in earnings any unrealized declines in fair value judged to be other than temporary. Total proceeds from the sale of investments were \$10 million in 2005 (2004: \$9 million; 2003: \$8 million).

### Gains (Losses) on Investments Recorded in Earnings

For the years ended December 31

	2005	2004	2003
<b>Realized on sale</b>			
Gains	\$ 17	\$ 6	\$ 5
Losses	—	—	(1)
	17	6	4
<b>Impairment charges</b>	<b>(16)</b>	<b>(5)</b>	<b>(11)</b>
	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ (7)</b>

### **Investment in Celtic Resources Holdings PLC (“Celtic”)**

On January 5, 2005, we completed a subscription for 3,688,191 units of Celtic for a price of \$7.562 per unit for a total cost of \$30 million. Each unit consisted of one ordinary share of Celtic and one-half of one share purchase warrant. On June 1, 2005, the number of warrants held increased under the terms of the subscription agreement by 922,048 warrants to 2,766,143 warrants. Each whole warrant entitles us to acquire one ordinary share of Celtic for \$7.562, expiring on December 31, 2007. We allocated \$25 million to the ordinary shares and \$5 million to the share purchase warrants based on their relative fair values at acquisition. At December 31, 2005, we held a 9% combined direct and indirect interest in Celtic's outstanding common shares. The investment in common shares is classified as an available-for-sale security. In the second half of 2005, the fair value of the

investment in common shares declined below cost and at the end of 2005 we concluded that the impairment was “other-than-temporary” and recorded a \$12 million impairment charge. We concluded that the share purchase warrants are derivative instruments as defined by FAS 133. The warrants, which are classified as non-hedge derivatives, are recorded at their estimated fair value in the balance sheet with changes in fair value recorded in non-hedge derivative gains/losses. The fair value of the share purchase warrants was \$0.5 million at December 31, 2005.

At the time of the initial subscription, Celtic granted us the right to acquire 50% of any interest in any mineral property in Kazakhstan that Celtic acquires in the future for a period of 12 months after any such acquisition for an amount equal to 50% of the cost to Celtic of its interest in the mineral property. No such rights have been exercised since the initial subscription.

## Equity Method Investments

	2005		2004	
	Fair value <sup>1</sup>	Carrying amount	Fair value <sup>1</sup>	Carrying amount
Highland Gold Mining PLC	\$ 134	\$ 131	\$ 75	\$ 86
Diamondex Resources Ltd.	6	7	—	—
	<b>\$ 140</b>	<b>\$ 138</b>	<b>\$ 75</b>	<b>\$ 86</b>

1. Based on the closing market stock price.

Under the equity method we record our equity share of the income or loss of equity investees each period. On acquisition of an equity investment the underlying identifiable assets and liabilities of an equity investee are recorded at fair value and the income or loss of equity investees is based on these fair values. If the cost of any equity investment exceeds the total amount of the fair value of identifiable assets and liabilities, any excess is accounted for in a manner similar to goodwill, with the exception that an annual goodwill impairment test is not required. The carrying amount of each investment in an equity investee is evaluated for impairment using the same method as an available-for-sale security.

### Highland Gold Mining PLC (“Highland”)

We hold a 20% interest in Highland that was acquired for cash in three tranches: 11.1 million common shares for a cost of \$46 million in 2003; 9.3 million common shares for a cost of \$40 million in 2004; and 11 million common shares in 2005 for a cost of \$50 million.

Following the increase in our ownership to 20% in 2005, we re-evaluated the accounting method used for this investment and concluded that the equity method is the most appropriate. Previously the investment was classified as an available-for-sale security. We have recorded our equity share of income or loss of Highland each period based on our actual ownership interest for the period from fourth quarter 2003. Under a transition to equity accounting, US GAAP requires financial statements for prior periods to be revised to reflect the equity accounting treatment.

The difference between the cost of our investment in Highland and the underlying historic cost of net assets was \$108 million at April 30, 2005. After finalizing valuations for the assets and liabilities of Highland in fourth quarter 2005, the difference between the cost of our investment and the underlying fair value of assets and liabilities, representing goodwill, was \$85 million. On completion of the valuations, we revised our equity pick up to reflect accounting based on the fair values of Highland’s assets and liabilities.

We have participation agreements with Highland, under which we have the right to participate for up to 50% in any acquisition made by Highland in Russia, with a similar right for Highland on any acquisition made by us in certain regions in Russia, excluding Irkutsk. We have a right of first refusal with respect to any third-party investment in Highland’s Mayskoye property in the Chukotka region, Russia, and we plan to pursue discussions with Highland regarding Mayskoye.

On June 29, 2005, we entered into a purchase agreement with Highland pursuant to which we purchased a 50% interest in the Taseevskoye deposit (“Taseevskoye”). The purchase price was \$13 million. Highland currently holds Taseevskoye through a subsidiary that owns other assets and liabilities. Highland has agreed to restructure the ownership of Taseevskoye into a separate Russian company. In connection with the purchase, Highland issued to us a warrant which entitles us to apply the purchase price as payment for an equivalent number of Highland shares, based on a price of \$3.10 per share, subject to adjustment under certain circumstances, if Highland does not restructure the ownership of Taseevskoye prior to June 1, 2006.

During the period between the signing of the Taseevskoye purchase agreement and the time that the ownership of Taseevskoye is restructured, we agreed to fund our proportionate share of any expenditures relating to Taseevskoye. Highland agreed to deliver to us a warrant

that entitles us to apply the amount of interim expenditures paid by us as payment for an equivalent number of Highland shares based on a price of \$3.10 per share, subject to adjustment in certain circumstances, if Highland does not complete the restructuring by June 1, 2006. By December 31, 2005, we had funded interim expenditures totaling \$0.5 million, and we had received a warrant for the same amount.

### Diamondex Resources Limited (“Diamondex”)

We completed a subscription for 11,111,111 units of Diamondex for \$8 million in 2005. Each unit consists of one ordinary share of Diamondex and one share purchase warrant. We hold a 14% interest in the outstanding common shares of Diamondex (25% assuming exercise of the share purchase warrants). We allocated the cost as follows: \$7 million to the ordinary shares and \$1 million to the share purchase warrants. We record our equity share of the income or loss of Diamondex each period based on our total 14% interest in outstanding common shares.

## 12 ■ Accounts Receivable, Inventories and Other Current Assets

At December 31	2005	2004
<b>Accounts receivable</b>		
Amounts due from concentrate sales	\$ 18	\$ 29
Other receivables	36	29
	<b>\$ 54</b>	<b>\$ 58</b>
<b>Inventories</b>		
Ore in stockpiles <sup>1</sup>	\$ 360	\$ 107
Ore on leach pads	34	17
Gold in process	47	33
Gold doré/bullion	32	20
Gold concentrate	47	21
Mine operating supplies	133	82
	<b>653</b>	<b>280</b>
<b>Non-current ore in stockpiles <sup>2</sup></b>	<b>(251)</b>	<b>(65)</b>
	<b>\$ 402</b>	<b>\$ 215</b>
<b>Other current assets</b>		
Derivative assets (note 16c)	\$ 128	\$ 165
Taxes recoverable	101	104
Prepaid expenses	23	17
Other	3	2
	<b>\$ 255</b>	<b>\$ 288</b>

1. Effective January 1, 2005, an amount of \$232 million was reclassified to ore in stockpiles from capitalized mining costs in connection with our adoption of EITF 04-6. See note 2e.

2. Ore that we do not expect to process in the next 12 months is classified in non-current ore in stockpiles.

### Inventories

Material extracted from our mines is classified as either ore or waste. Ore represents material that can be mined, processed into a saleable form, and sold at a profit. Ore is recorded as an asset that is classified within inventory at the point it is extracted from the mine. Ore is accumulated in stockpiles that are subsequently processed into gold in a saleable form under a mine plan that takes into consideration optimal scheduling of production of our reserves, present plant capacity, and the market price of gold. Gold in process represents gold in the processing circuit that has not completed the production process, and is not yet in a saleable form.

Stockpiles are measured by estimating the number of tons added and removed from the stockpile, the number of contained ounces or pounds (based on assay data) and the estimated metallurgical recovery rates (based on the expected processing method). Stockpile ore tonnages are verified by periodic surveys. Costs are allocated to a stockpile based on relative values of material stockpiled and processed using current mining costs incurred up to the point of stockpiling the ore, including applicable overhead, depreciation, depletion and amortization relating to mining operations, and removed at each stockpile's average cost per recoverable unit.

The recovery of gold from certain oxide ores is achieved through the heap leaching process. Our Pierina, Lagunas Norte, and Veladero mines all are using a heap leaching process. Under this method, ore is placed on leach pads where it is treated with a chemical solution, which dissolves the gold contained in the ore. The resulting “pregnant” solution is further processed in a plant where the gold is recovered. For accounting purposes, costs are added to ore on leach pads based on current mining costs, including applicable depreciation, depletion and amortization relating to mining operations. Costs are removed from ore on leach pads as ounces are recovered based on the average cost per recoverable ounce of gold on the leach pad.

Estimates of recoverable gold on the leach pads are calculated from the quantities of ore placed on the leach pads (measured tons added to the leach pads), the grade of ore placed on the leach pads (based on assay data) and a recovery percentage (based on ore type). In general, leach pads recover between 50% and 95% of the recoverable ounces in the first year of leaching, declining each year thereafter until the leaching process is complete.

Although the quantities of recoverable gold placed on the leach pads are reconciled by comparing the grades of ore placed on pads to the quantities of gold actually recovered (metallurgical balancing), the nature of the leaching process inherently limits the ability to precisely monitor inventory levels. As a result, the metallurgical balancing process is constantly monitored and estimates are refined based on actual results over time. Historically, our operating results have not been materially impacted by variations between the estimated and actual recoverable quantities of gold on its leach pads. At December 31, 2005 and 2004, the weighted-average cost per recoverable ounce of gold on leach pads was \$164 and \$153 per ounce (unaudited), respectively. Variations between actual and estimated quantities resulting from changes in assumptions and estimates that do not result in write-downs to net realizable value are accounted for on a prospective basis.

The ultimate recovery of gold from a leach pad will not be known until the leaching process is concluded. Based on current mine plans, we expect to place the last ton of ore on our current leach pads at dates ranging from 2007 to 2021 (unaudited). Including the estimated time required for residual leaching, rinsing and reclamation activities, we expect that our leaching operations will terminate within approximately six years (unaudited) following the date that the last ton of ore is placed on the leach pad.

The current portion of ore inventory on leach pads is determined based on estimates of the quantities of gold at each balance sheet date that we expect to recover during the next 12 months.

### Significant Ore in Stockpiles

At December 31	2005	2004
<b>Goldstrike</b>		
Ore that requires roasting	\$ 182	\$ 23
Ore that requires autoclaving	98	17
<b>Kalgoorlie</b>	<b>53</b>	<b>46</b>

At Goldstrike, we expect to fully process the autoclave stockpile by 2008 (unaudited) and the roaster stockpile by 2023 (unaudited). At Kalgoorlie, we expect to fully process the stockpile by 2016 (unaudited).

We record gold in process, gold doré and gold in concentrate form at average cost, less provisions required to reduce inventory to market value. Average cost is calculated based on the cost of inventory at the beginning of a period, plus the cost of inventory produced in a period. Costs capitalized to inventory include direct and indirect materials and consumables; direct labor; repairs and maintenance; utilities; amortization of property, plant and equipment; stripping costs; and local mine administrative expenses. Costs are removed from inventory and recorded in cost of sales and amortization expense based on the average cost per ounce of gold in inventory.

Mine operating supplies are recorded at purchase cost, less provisions to reduce slow-moving and obsolete supplies to market value. We recorded provisions to reduce the cost of slow moving and obsolete supplies inventory to market value as follows: 2005 — \$12 million in cost of sales and \$3 million in expensed development costs; 2004 — \$9 million in cost of sales; 2003 — \$3 million in cost of sales.

## 13 ■ Property, Plant and Equipment

At December 31	2005	2004
Acquired mineral properties and capitalized mine development costs	\$ 4,792	\$ 4,489
Buildings, plant and equipment <sup>1</sup>	4,124	3,289
	<b>8,916</b>	<b>7,778</b>
Accumulated amortization <sup>2</sup>	(4,770)	(4,387)
	<b>\$ 4,146</b>	<b>\$ 3,391</b>

1. Includes \$122 million (2004: \$44 million) of assets under capital leases.

2. Includes \$18 million (2004: \$1 million) of accumulated amortization for assets under capital leases.

### a) Acquired Mineral Properties and Capitalized Mine Development Costs

#### Exploration and Development Stage Properties

We capitalize the cost of acquisition of land and mineral rights. The cost is allocated between proven and probable reserves and mineralization not considered proven and probable reserves at the date of acquisition, based on relative fair values. If we later establish that some mineralization meets the definition of proven and probable gold reserves, we classify a portion of the capitalized acquisition cost as relating to reserves.

After acquisition, various factors can affect the recoverability of the capitalized cost of land and mineral rights, particularly the results of exploration drilling. The length of time between the acquisition of land and mineral rights and when we undertake exploration work varies based on the prioritization of our exploration projects and the size of our exploration budget. If we conclude that the carrying amount of land and mineral rights is impaired, we reduce this carrying amount to estimated fair value through an impairment charge.

We capitalize costs incurred at development projects that meet the definition of an asset after mineralization is classified as proven and probable gold reserves (as defined by United States reporting standards). Before classifying mineralization as proven and probable gold reserves, costs incurred at development projects are considered exploration costs and are expensed as incurred. Effective May 1, 2004, we determined that mineralization at Lagunas Norte met the definition of proven and probable reserves for United States reporting purposes. Following this determination, we began capitalizing costs that meet the definition of an asset at Lagunas Norte prospectively for future periods. At new mines, the cost of start-up activities such as recruiting and training is expensed as incurred.

At December 31, 2005 the following assets were in an exploration, development or construction stage and amortization of the capitalized costs had not yet begun.

	Carrying amount at December 31, 2005	Targeted timing of production start-up (unaudited)
<b>Development projects</b>		
Cowal	\$ 406	2006
East Archimedes	35	2007
Pascua-Lama	340	2009
Buzwagi exploration project	102	—
<b>Total</b>	<b>\$ 883</b>	

In 2005, amortization of property, plant and equipment at our Tulawaka, Lagunas Norte, and our Veladero mines began after the mines moved from construction into the production phase. Amortization also began in 2005 at the Nevada Power Plant that was built to supply power for the Goldstrike mine as it moved from construction into the production phase.

Interest cost is considered an element of the historical cost of an asset when a period of time is necessary to prepare it for its intended use. We capitalize interest costs to assets under development or construction while activities are in progress. We stop capitalizing interest costs when construction of an asset is substantially complete and it is ready for its intended use. We measure the amount capitalized based on cumulative capitalized costs, exclusive of the impact, if any, of impairment charges on the carrying amount of an asset.

## Producing Mines

We start amortizing capitalized mineral property acquisition and mine development costs when production begins. Amortization is calculated using the "units-of-production" method, where the numerator is the number of ounces produced and the denominator is the estimated recoverable ounces of gold contained in proven and probable reserves.

During production at underground mines, we incur development costs to build new shafts, drifts and ramps that will enable us to physically access ore underground. The time over which we will continue to incur these costs depends on the mine life, and in some cases could be up to 25 years. These underground development costs are capitalized as incurred. Costs incurred and capitalized to enable access to specific ore blocks or areas of the mine, and which only provide an economic benefit over the period of mining that ore block or area, are attributed to earnings using the units-of-production method where the denominator is estimated recoverable ounces of gold contained in proven and probable reserves within that ore block or area. If capitalized underground development costs provide an economic benefit over the entire mine life, the costs are attributed to earnings using the units-of-production method, where the denominator is the estimated recoverable ounces of gold contained in total accessible proven and probable reserves.



## b) Buildings, Plant and Equipment

We record buildings, plant and equipment at cost. We capitalize costs that extend the productive capacity or useful economic life of an asset. Costs incurred that do not extend the productive capacity or useful economic life of an asset are considered repairs and maintenance and expensed as incurred. We amortize the capitalized cost of assets less any estimated residual value, using the straight-line method over the estimated useful economic life of the asset based on their expected use in our business. The longest estimated useful economic life for buildings and equipment at ore processing facilities is 25 years and for mining equipment is 15 years.

In the normal course of our business, we have entered into certain leasing arrangements whose conditions meet the criteria for the leases to be classified as capital leases. For capital leases, we record an asset and an obligation at an amount equal to the present value at the beginning of the lease term of minimum lease payments over the lease term. In the case of all our leasing arrangements, there is transfer of ownership of the leased assets to us at the end of the lease term and therefore we amortize these assets on a basis consistent with our other owned assets.

## c) Impairment Evaluations — Operating Mines and Development Projects

We review and test the carrying amounts of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. We group assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. For operating mines and development projects, all assets are included in one group. If there are indications that an impairment may have occurred, we prepare estimates of expected future cash flows for each group of assets. Expected future cash flows are based on a probability-weighted approach applied to potential outcomes.

Estimates of expected future cash flow reflect:

- Estimated sales proceeds from the production and sale of recoverable ounces of gold contained in proven and probable reserves;
- Expected future commodity prices and currency exchange rates (considering historical and current prices, price trends and related factors);
- Expected future operating costs and capital expenditures to produce proven and probable gold reserves based on mine plans that assume current plant capacity, and exclude the impact of inflation;
- Expected cash flows associated with value beyond proven and probable reserves, which includes the expected cash outflows required to develop and extract the value beyond proven and probable reserves; and
- Environmental remediation costs excluded from the measurement of asset retirement obligations.

We record a reduction of a group of assets to fair value as a charge to earnings if expected future cash flows are less than the carrying amount. We estimate fair value by discounting the expected future cash flows using a discount factor that reflects the risk-free rate of interest for a term consistent with the period of expected cash flows.

## d) Capital Commitments

At December 31, 2005, we had capital commitments of \$85 million that principally relate to construction activities at our development projects.

## 14 ■ Other Assets

At December 31	2005	2004
Derivative assets (note 16c)	\$ 177	\$ 257
Goods and services taxes recoverable	46	50
Deferred income tax assets (note 19)	141	97
Debt issue costs	35	38
Deferred share-based compensation (note 22b)	13	5
Other	105	52
	<u>\$ 517</u>	<u>\$ 499</u>

## Debt Issue Costs

Additions to debt issue costs in 2005 of \$4 million principally relate to new debt financings put in place during the year. Amortization of debt issue costs is calculated using the interest method over the term of each debt obligation, and classified as a component of interest cost.

## 15 ■ Other Current Liabilities

At December 31	2005	2004
Asset retirement obligations (note 17)	\$ 37	\$ 33
Derivative liabilities (note 16c)	42	11
Post-retirement benefits (note 23)	6	2
Deferred revenue	8	5
Other	1	3
	<u>\$ 94</u>	<u>\$ 54</u>





## 16 ■ Financial Instruments

Financial instruments include cash; evidence of ownership in an entity; or a contract that imposes an obligation on one party and conveys a right to a second entity to deliver/receive cash or another financial instrument. Information on certain types of financial instruments is included elsewhere in these financial statements as follows: accounts receivable — note 12; investments — note 11; restricted share units — note 22b.

### a) Cash and Equivalents

Cash and equivalents include cash, term deposits and treasury bills with original maturities of less than 90 days.

### b) Long-Term Debt

	2005			2004			2003		
	At December 31	Proceeds	Repayments	At December 31	Proceeds	Repayments	At December 31	Proceeds	Repayments
7 <sup>1</sup> / <sub>2</sub> % debentures <sup>1</sup>	\$ 490	\$ —	\$ —	\$ 495	\$ —	\$ —	\$ 501	\$ —	\$ —
5 <sup>4</sup> / <sub>5</sub> % notes <sup>2</sup>	397	—	—	397	397	—	—	—	—
4 <sup>7</sup> / <sub>8</sub> % notes <sup>3</sup>	348	—	—	348	348	—	—	—	—
Veladero financing <sup>4</sup>	237	39	—	198	198	—	—	—	—
Bulyanhulu financing <sup>5</sup>	119	—	31	150	—	24	174	—	23
Variable-rate bonds <sup>6</sup>	63	—	—	63	—	17	80	—	—
Capital leases	4	—	1	5	—	—	5	—	—
Peru lease facilities									
First facility <sup>7</sup>	76	73	27	30	30	—	—	—	—
Second facility <sup>8</sup>	17	17	—	—	—	—	—	—	—
Peruvian bonds <sup>9</sup>	50	50	—	—	—	—	—	—	—
	1,801	179	59	1,686	973	41	760	—	23
Less: current part	(80)	—	—	(31)	—	—	(41)	—	—
	\$ 1,721	\$ 179	\$ 59	\$ 1,655	\$ 973	\$ 41	\$ 719	\$ —	\$ 23

- The 7 <sup>1</sup>/<sub>2</sub> % debentures have a principal amount of \$500 million and mature on May 1, 2007. The debentures have been designated in a fair value hedge relationship and consequently the carrying amount at December 31, 2005 represents the estimated fair value at each balance sheet date.
- On November 12, 2004, we issued \$400 million of debentures at a \$3 million discount that mature on November 15, 2034.
- On November 12, 2004, we issued \$350 million of debentures at a \$2 million discount that mature on November 15, 2014.
- One of our wholly owned subsidiaries, Minera Argentina Gold S.A. in Argentina has a variable-rate limited recourse amortizing loan facility for \$250 million. We have guaranteed the loan until completion occurs, after which it will become non-recourse. The loan is insured for political risks by branches of the Canadian and German governments.
- One of our wholly owned subsidiaries, Kahama Mining Corporation Ltd. in Tanzania, has a variable-rate recourse amortizing loan for \$119 million. The loan is insured for political risks equally by branches of the Canadian government and the World Bank. In second quarter 2005, the terms of the financing were amended, with the lender having recourse in return for a reduction in the spread over Libor on the financing, and the loan covenants were also simplified.
- Certain of our wholly owned subsidiaries have issued variable-rate, tax-exempt bonds of \$25 million (due 2029) and \$38 million (due 2032) for a total of \$63 million.
- By December 31, 2005, a total of \$103 million had been drawn down under a \$110 million build to suit facility held by one of our wholly owned subsidiaries, Minera Barrick Misquichilca (MBM). We repaid \$23 million on September 30, 2005, with the remaining \$80 million repayable in 20 equal quarterly installments of \$4 million commencing in fourth quarter 2005. The lease facility has an implied interest rate of Libor plus 2.5% for the first 12 installments and Libor plus 2.6% for the last 8 installments.
- In 2005, MBM finalized a second build to suit lease facility for \$30 million, which is being used to finance the extension of the leach pad at the Lagunas Norte mine.
- In second quarter 2005, MBM issued \$50 million of public debt securities in the Peruvian capital markets. The net proceeds were used to partially fund the construction of the Lagunas Norte mine. The securities bear interest at Libor plus 1.72%, and mature in 2013.
- We have a credit and guarantee agreement with a group of banks (the "Lenders"), which requires the Lenders to make available to us a credit facility of up to \$1 billion or the equivalent amount in Canadian currency. The credit facility, which is unsecured, matures in April 2010 and has an interest rate of Libor plus 0.27% to 0.35% when used, and an annual fee of 0.08%. As at December 31, 2005, we had not drawn any amounts under the credit facility. In first quarter 2006, we drew down \$1 billion under this credit facility to fund a portion of the cash consideration for the acquisition of Placer Dome — see note 3a.

**b) Long-Term Debt (cont'd)**

	For the years ended December 31					
	2005		2004		2003	
	Interest cost	Effective rate <sup>1</sup>	Interest cost	Effective rate <sup>1</sup>	Interest cost	Effective rate <sup>1</sup>
7 <sup>1</sup> / <sub>2</sub> % debentures	\$ 41	8.2%	\$ 31	6.1%	\$ 31	6.1%
5 <sup>4</sup> / <sub>5</sub> % notes	24	6.0%	3	6.0%	—	—
4 <sup>7</sup> / <sub>8</sub> % notes	18	5.0%	2	5.0%	—	—
Veladero financing	20	8.6%	4	7.5%	—	—
Bulyanhulu financing	10	7.5%	14	8.0%	15	7.7%
Variable-rate bonds	1	2.3%	1	1.2%	1	1.1%
Peruvian bonds	2	5.0%	—	—	—	—
Peru lease facilities	5	6.0%	—	—	—	—
Australia capital leases	1	7.1%	—	—	—	—
Other interest	3		5		2	
	125	6.9%	60	6.0%	49	6.2%
Less: interest capitalized	(118)		(41)		(5)	
	\$ 7		\$ 19		\$ 44	
Cash interest paid	\$ 112		\$ 57		\$ 48	
Amortization of debt issue costs	2		3		1	
Hedge (gains) losses	5		(2)		(1)	
Increase (decrease) in interest accruals	6		2		1	
Interest cost	\$ 125		\$ 60		\$ 49	

1. The effective rate includes the stated interest rate under the debt agreement, amortization of debt issue costs, and the impact of interest rate contracts designated in a hedging relationship with long-term debt.

**Scheduled Debt Repayments**

	2006	2007	2008	2009	2010 and thereafter
7 <sup>1</sup> / <sub>2</sub> % debentures	\$ —	\$ 500	\$ —	\$ —	\$ —
5 <sup>4</sup> / <sub>5</sub> % notes	—	—	—	—	400
4 <sup>7</sup> / <sub>8</sub> % notes	—	—	—	—	350
Veladero financing	28	55	45	50	59
Bulyanhulu financing	34	34	34	17	—
Variable-rate bonds	—	—	—	—	63
Peruvian bonds	—	—	—	—	50
	\$ 62	\$ 589	\$ 79	\$ 67	\$ 922
Minimum payments under capital leases	\$ 19	\$ 23	\$ 19	\$ 19	\$ 17

### c) Use of Derivative Instruments (“Derivatives”) in Risk Management

In the normal course of business, our assets, liabilities and forecasted transactions are impacted by various market risks including:

Item	Impacted by
■ Cost of sales	■ Prices of diesel fuel and propane
■ Consumption of diesel fuel and propane	■ Currency exchange rates — US dollar versus A\$, C\$, and ARS
■ Local currency denominated expenditures	■ Currency exchange rates — US dollar versus A\$ and C\$
■ Administration costs in local currencies	■ Currency exchange rates — US dollar versus A\$, C\$, ARS, and €
■ Capital expenditures in local currencies	■ US dollar interest rates
■ Interest earned on cash	■ US dollar interest rates
■ Fair value of fixed-rate debt	

Under our risk management policy we seek to mitigate the impact of these market risks to control costs and enable us to plan our business with greater certainty. The time-frame and manner in which we manage these risks varies for each item based upon our assessment of the risk and available alternatives for mitigating risk. For these particular risks, we believe that derivatives are an effective means of managing risk.

The primary objective of the hedging elements of our derivative positions is that changes in the values of hedged items are offset by changes in the values of derivatives. Most of the derivatives we use meet the FAS 133 hedge effectiveness criteria and are designated in a hedge accounting relationship. Some of the derivative positions are effective in achieving our risk management objectives but they do not meet the strict FAS 133 hedge effectiveness criteria, and they are classified as “non-hedge derivatives”.

Our use of derivatives is based on established practices and parameters, which are subject to the oversight of the Finance Committee of the Board of Directors. A Compliance Function independent of the Corporate Treasury Group monitors derivative transactions and has responsibility for recording and accounting for derivatives.

#### Accounting Policy for Derivatives

We record derivatives on the balance sheet at fair value except for gold and silver sales contracts, which are excluded from the scope of FAS 133, because the obligations will be met by physical delivery of our gold and silver production and they meet the other requirements set out in paragraph 10(b) of FAS 133. In addition, our past sales practices, productive capacity and delivery intentions are consistent with the definition of a normal sales contract. Accordingly, we have elected to designate our gold and silver sales contracts as “normal sales contracts” with the result that the principles of FAS 133 are not applied to them. Instead we apply revenue recognition accounting principles as described in note 5.

On the date we enter into a derivative that is accounted for under FAS 133, we designate it as either a hedging instrument or a non-hedge derivative.

A hedging instrument is designated in either:

- a fair value hedge relationship with a recognized asset or liability; or
- a cash flow hedge relationship with either a forecasted transaction or the variable future cash flows arising from a recognized asset or liability.

At the inception of a hedge, we formally document all relationships between hedging instruments and hedged items, including the related risk-management strategy. This documentation includes linking all hedging instruments to either specific assets and liabilities, specific forecasted transactions or variable future cash flows. It also includes the method of assessing retrospective and prospective hedge effectiveness. In cases where we use regression analysis to assess prospective effectiveness, we consider regression outputs for the coefficient of determination (R-squared), the slope coefficient and the t-statistic to assess whether a hedge is expected to be highly effective. Each period, using a dollar offset approach, we retrospectively assess whether hedging instruments have been highly effective in offsetting changes in the fair value of hedged items and we measure the amount of any hedge ineffectiveness. We also assess each period whether hedging instruments are expected to be highly effective in the future. If a hedging instrument is not expected to be highly effective, we stop hedge accounting prospectively. In this case accumulated gains or losses remain in OCI until the hedged item affects earnings. We also stop hedge accounting prospectively if:

- a derivative is settled;
- it is no longer highly probable that a forecasted transaction will occur; or
- we de-designate a hedging relationship.

If we conclude that it is probable that a forecasted transaction will not occur in the originally specified time frame, or within a further two-month period, gains and losses accumulated in OCI are immediately transferred to earnings. In all situations when hedge accounting stops, a derivative is classified as a non-hedge derivative prospectively. Cash flows from derivative transactions are included under operating activities, except for derivatives designated as a cash flow hedge of forecasted capital expenditures, which are included under investing activities.

Changes in the fair value of derivatives each period are recorded as follows:

- Fair value hedges: recorded in earnings as well as changes in fair value of the hedged item.
- Cash flow hedges: recorded in OCI until earnings are affected by the hedged item, except for any hedge ineffectiveness which is recorded in earnings immediately.
- Non-hedge derivatives: recorded in earnings.

#### Summary of Derivatives at December 31, 2005 <sup>1</sup>

	Notional amount by term to maturity			Accounting classification by notional amount			Fair value (US\$ millions)
	Within 1 year	2 to 5 years	Total	Cash flow hedge	Fair value hedge	Non- hedge	
<b>US dollar interest rate contracts</b>							
Receive-fixed swaps (millions)	\$ —	\$ 975	\$ 975	\$ 425	\$ 500	\$ 50	\$ (21)
Pay-fixed swaps (millions)	—	125	125	—	—	125	(13)
Net notional position	\$ —	\$ 850	\$ 850	\$ 425	\$ 500	\$ (75)	\$ (34)
<b>Currency contracts</b>							
C\$:US\$ contracts (C\$ millions)	C\$ 297	C\$ 491	C\$ 788	C\$ 788	C\$ —	C\$ — <sup>2</sup>	\$ 68
A\$:US\$ contracts (A\$ millions)	A\$ 537	A\$ 1,676	A\$ 2,213	A\$ 2,212	A\$ —	A\$ 1	61
ARS:US\$ contracts (ARS millions)	36	—	36	36	—	—	(1)
<b>Commodity contracts</b>							
WTI contracts (thousands of barrels)	476	1,417	1,893	1,502	—	391	\$ 40
MOPS contracts (thousands of barrels)	121	—	121	121	—	—	(1)
Propane contracts (millions of gallons)	17	—	17	17	—	—	4

1. Excludes gold sales contracts (see note 5), gold lease rate swaps (see note 5) and Celtic Resources share purchase warrants (see note 11).

2. \$62 million of non-hedge currency contracts were economically closed out by entering into offsetting positions, albeit with differing counterparties.

#### US Dollar Interest Rate Contracts

##### Cash Flow Hedges — Cash Balances

Receive-fixed swaps have been designated against the first \$425 million of our cash balances as a hedge of the variability of forecasted interest receipts on the balances caused by changes in Libor.

Each period the effective portion of changes in the fair value of the swaps, which relates to future interest receipts, is recorded in OCI. Also, as interest is received and recorded in earnings, an amount equal to the difference between the fixed-rate interest earned on the swaps and the variable-rate interest earned on cash is recorded in earnings as a component of interest income.

##### Fair Value Hedges

Receive-fixed swaps totaling \$500 million have been designated against the 7 1/2 % debentures as a hedge of the variability in the fair value of the debentures caused by changes in Libor. We have concluded that the hedges are 100% effective under FAS 133, because the critical terms (including: notional amount, maturity date, interest payment and underlying interest rate — i.e. Libor) of the swaps and the debentures are the same. Changes in fair value of the swaps, together with an equal corresponding change in fair value of the debentures, caused by changes in Libor, are recorded in earnings each period. Also, as interest payments on the debentures are recorded in earnings, an amount equal to the difference between the fixed-rate interest received under the swap less the variable-rate interest paid under the swap is recorded in earnings as a component of interest costs.

### *Non-hedge Contracts*

We use gold lease rate swaps as described in note 5. The valuation of gold lease rate swaps is impacted by market US dollar interest rates. Our non-hedge pay-fixed swap position mitigates the impact of changes in US dollar interest rates on the valuation of gold lease rate swaps.

## **Currency Contracts**

### *Cash Flow Hedges*

Currency contracts totaling C\$788 million, A\$2,213 million, and ARS\$36 million have been designated against forecasted local currency denominated expenditures as a hedge of the variability of the US dollar amount of those expenditures caused by changes in currency exchange rates. Hedged items are identified as the first stated quantity of dollars of forecasted expenditures in a future month. For a C\$547 million and A\$2,065 million portion of the contracts, we have concluded that the hedges are 100% effective under FAS 133 because the critical terms (including notional amount and maturity date) of the hedged items and currency contracts are the same. For the remaining C\$241 million and A\$147 million portions, prospective and retrospective hedge effectiveness is assessed using the hypothetical derivative method under FAS 133. The prospective test involves comparing the effect of a theoretical shift in forward exchange rates on the fair value of both the actual and hypothetical derivative. The retrospective test involves comparing the effect of historic changes in exchange rates each period on the fair value of both the actual and hypothetical derivative using a dollar offset approach. The effective portion of changes in fair value of the currency contracts is recorded in OCI until the forecasted expenditure impacts earnings. For expenditures capitalized to the cost of inventory, this is upon sale of inventory, and for capital expenditures, this is when amortization of the capital assets is recorded in earnings.

If it is probable that a hedged item will no longer occur in the originally specified time frame or within a further two-month period, the accumulated gains or losses in OCI for the associated currency contract are reclassified to earnings immediately. The identification of which currency contracts are associated with these hedged items uses a last-in, first-out ("LIFO") approach, based on the order in which currency contracts were originally designated in a hedging relationship.

## **Commodity Contracts**

### *Cash Flow Hedges*

Commodity contracts totaling 2,014 thousand barrels of diesel fuel and 17 million gallons of propane have been designated against forecasted purchases of the commodities for expected consumption at our mining operations. The contracts act as a hedge of the impact of variability in market prices on the cost of future commodity purchases. Hedged items are identified as the first stated quantity in millions of barrels/gallons of forecasted purchases in a future month. Prospective and retrospective hedge effectiveness is assessed using the hypothetical derivative method under FAS 133. The prospective test is based on regression analysis of the month-on-month change in fair value of both the actual derivative and a hypothetical derivative caused by actual historic changes in commodity prices over the last three years. The retrospective test involves comparing the effect of historic changes in commodity prices each period on the fair value of both the actual and hypothetical derivative using a dollar offset approach. The effective portion of changes in fair value of the commodity contracts is recorded in OCI until the forecasted transaction impacts earnings. The cost of commodity consumption is capitalized to the cost of inventory, and therefore this is upon the sale of inventory.

If it is probable that a hedged item will no longer occur in the originally specified time frame, or within a further two-month period, the accumulated gains or losses in OCI for the associated commodity contract are reclassified to earnings immediately. The identification of which commodity contracts are associated with these hedged items uses a LIFO approach, based on the order in which commodity contracts were originally designated in a hedging relationship.

### *Non-hedge Contracts*

Non-hedge fuel contracts are used to mitigate the risk of oil price changes on consumption at the Pierina, Eskay Creek and Lagunas Norte mines. On completion of regression analysis, we concluded that the contracts do not meet the "highly effective" criterion in FAS 133 due to currency and basis differences between contract prices and the prices charged to the mines by oil suppliers. Despite not qualifying as an accounting hedge, the contracts protect the Company to a significant extent from the effects of oil price changes.

## Derivative Assets and Liabilities

	2005	2004
At January 1	\$ 359	\$ 337
Derivatives settled	(183)	(120)
Change in fair value of:		
Non-hedge derivatives	4	3
Cash flow hedges		
Effective portion	23	147
Ineffective portion	1	—
Share purchase warrants	5	—
Fair value hedges	(5)	(8)
At December 31	\$ 204 <sup>1</sup>	\$ 359 <sup>1</sup>
Classification:		
Other current assets	\$ 128	\$ 165
Other assets	177	257
Other current liabilities	(42)	(11)
Other long-term obligations	(59)	(52)
	\$ 204	\$ 359

1. Derivative assets and liabilities are presented net by offsetting related amounts due to/from counterparties if the conditions of FIN No. 39, Offsetting of Amounts Related to Certain Contracts, are met. Amounts receivable from counterparties netted against derivative liabilities totaled \$9 million at December 31, 2005.

## Non-hedge Derivative Gains (Losses) <sup>1</sup>

For the years ended December 31	2005	2004	2003
<b>Non-hedge derivatives</b>			
Commodity contracts	\$ 4	\$ (9)	\$ 3
Currency contracts	3	(4)	17
Interest rate contracts	2	16	32
Share purchase warrants	(5)	—	—
	4	3	52
<b>Hedge ineffectiveness</b>			
Ongoing hedge inefficiency	1	—	1
Due to changes in timing of hedged items	1	2	18
	\$ 6	\$ 5	\$ 71

1. Non-hedge derivative gains (losses) are classified as a component of other (income) expense.

## Cash Flow Hedge Gains (Losses) in OCI

	Commodity price hedges		Currency hedges			Interest rate hedges			
	Gold/silver	Fuel	Operating costs	Administration costs	Capital expenditures	Cash balances	Long-term debt	Total	
At December 31, 2002	\$ 9	\$ —	\$ 26	\$ —	\$ —	\$ 26	\$ (12)	\$ 49	
Effective portion of change in fair value of hedging instruments	4	(1)	251	32	54	9	(1)	348	
Transfers to earnings:									
On recording hedged items in earnings	(13)	—	(58)	(7)	—	(18)	5	(91)	
Hedge ineffectiveness due to changes in timing of hedged items	—	—	—	—	(18)	—	—	(18)	
At December 31, 2003	—	(1)	219	25	36	17	(8)	288	
Effective portion of change in fair value of hedging instruments	—	7	117	19	19	5	(20)	147	
Transfers to earnings:									
On recording hedged items in earnings	—	(4)	(96)	(11)	(5)	(19)	3	(132)	
Hedge ineffectiveness due to changes in timing of hedged items	—	—	—	—	(2)	—	—	(2)	
At December 31, 2004	—	2	240	33	48	3	(25)	301 <sup>2</sup>	
Effective portion of change in fair value of hedging instruments	—	46	(38)	13	(4)	1	5	23	
Transfers to earnings:									
On recording hedged items in earnings	—	(10)	(100)	(16)	(4)	(6)	2	(134)	
Hedge ineffectiveness due to changes in timing of hedged items	—	—	—	—	(1)	—	—	(1)	
At December 31, 2005	\$ —	\$ 38	\$ 102	\$ 30	\$ 39	\$ (2)	\$ (18)	\$ 189 <sup>2</sup>	
Hedge gains/losses classified within	Gold sales	Cost of sales	Cost of sales	Administration	Amortization	Interest expense	Interest cost		
Portion of hedge gain (loss) expected to affect 2006 earnings <sup>2</sup>	\$ —	\$ 11	\$ 64	\$ 11	\$ 2	\$ (3)	\$ (1)	\$ 84	

1. On determining that certain forecasted capital expenditures were no longer likely to occur within two months of the originally specified time frame.
2. Based on the fair value of hedge contracts at December 31, 2005.



#### d) Fair Value of Financial Instruments

Fair value is the value at which a financial instrument could be closed out or sold in a transaction with a willing and knowledgeable counterparty over a period of time consistent with our risk management or investment strategy. Fair value is based on quoted market prices, where available. If market quotes are not available, fair value is based on internally developed models that use market-based or independent information as inputs. These models could produce a fair value that may not be reflective of future fair value.

Fair Value Information At December 31	2005		2004	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
<b>Financial assets</b>				
Cash and equivalents <sup>1</sup>	\$ 1,037	\$ 1,037	\$ 1,398	\$ 1,398
Accounts receivable <sup>1</sup>	54	54	58	58
Available-for-sale securities <sup>2</sup>	62	62	61	61
Equity-method investments	138	140	86	75
Derivative assets <sup>4</sup>	305	305	422	422
	<b>\$ 1,596</b>	<b>\$ 1,598</b>	<b>\$ 2,025</b>	<b>\$ 2,014</b>
<b>Financial liabilities</b>				
Accounts payable <sup>1</sup>	\$ 386	\$ 386	\$ 335	\$ 335
Long-term debt <sup>5</sup>	1,801	1,827	1,686	1,731
Derivative liabilities <sup>4</sup>	101	101	63	63
Restricted share units <sup>6</sup>	17	17	6	6
Deferred share units <sup>6</sup>	1	1	1	1
	<b>\$ 2,306</b>	<b>\$ 2,332</b>	<b>\$ 2,091</b>	<b>\$ 2,136</b>

1. Recorded at cost. Fair value approximates the carrying amounts due to the short-term nature and generally negligible credit losses.

2. Recorded at fair value. Quoted market prices are used to determine fair value.

3. Recorded at cost, adjusted for our share of income/loss and dividends of equity investees.

4. Recorded at fair value based on internal valuation models that reflect forward market commodity prices, currency exchange rates and interest rates, and a discount factor that is based on market US dollar interest rates. If a forward market does not exist, we obtain broker-dealer quotations. Valuations assume all counterparties have an AA credit rating.

5. Long-term debt is generally recorded at cost except for obligations that are designated in a fair-value hedge relationship, which are recorded at fair value in periods where a hedge relationship exists. The fair value of long-term debt is calculated by discounting the future cash flows under a debt obligation by a discount factor that is based on US dollar market interest rates adjusted for our credit quality.

6. Recorded at fair value based on our period end closing market stock price.

## e) Credit Risk

Credit risk is the risk that a third party might fail to fulfill its performance obligations under the terms of a financial instrument. For cash and equivalents and accounts receivable, credit risk represents the carrying amount on the balance sheet.

For derivatives, when the fair value is positive, this creates credit risk. When the fair value of a derivative is negative, we assume no credit risk. In cases where we have a legally enforceable master netting agreement with a counterparty, credit risk exposure represents the net amount of the positive and negative fair values for similar types of derivatives. For a net negative amount, we regard credit risk as being zero. A net positive amount for a counterparty is a reasonable measure of credit risk when there is a legally enforceable master netting agreement. We mitigate credit risk by:

- entering into derivatives with high credit-quality counterparties;
- limiting the amount of exposure to each counterparty; and
- monitoring the financial condition of counterparties.

### Credit Quality of Financial Assets

At December 31, 2005

	S&P Credit rating			
	AA- or higher	A- or higher	B to BBB	Total
Cash and equivalents	\$ 962	\$ 54	\$ 21	\$ 1,037
Derivatives <sup>1</sup>	161	82	—	243
Accounts receivable	—	—	54	54
	\$ 1,123	\$ 136	\$ 75	\$ 1,334
Number of counterparties <sup>2</sup>	15	10	—	
Largest counterparty (%)	47%	49%	—	

### Concentrations of Credit Risk

At December 31, 2005

	United States	Canada	Other International	Total
Cash and equivalents	\$ 879	\$ 34	\$ 124	\$ 1,037
Derivatives <sup>1</sup>	140	78	25	243
Accounts receivable	6	15	33	54
	\$ 1,025	\$ 127	\$ 182	\$ 1,334

1. The amounts presented reflect the net credit exposure after considering the effect of master netting agreements.

2. For cash and equivalents and derivatives combined.

## f) Risks Relating to the Use of Derivatives

By using derivatives, in addition to credit risk, we are affected by market risk and market liquidity risk. Market risk is the risk that the fair value of a derivative might be adversely affected by a change in commodity prices, interest rates, gold lease rates, or currency exchange rates, and that this in turn affects our financial condition. We manage market risk by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. We mitigate this risk by establishing trading agreements with counterparties under which we are not required to post any collateral or make any margin calls on our derivatives. Our counterparties cannot require settlement solely because of an adverse change in the fair value of a derivative.

Market liquidity risk is the risk that a derivative cannot be eliminated quickly, by either liquidating it or by establishing an offsetting position. Under the terms of our trading agreements, counterparties cannot require us to immediately settle outstanding derivatives, except upon the occurrence of customary events of default such as covenant breaches, including financial covenants, insolvency or bankruptcy. We generally mitigate market liquidity risk by spreading out the maturity of our derivatives over time.

## 17 ■ Asset Retirement Obligations

### Asset Retirement Obligations (AROs)

	2005	2004
At January 1	\$ 367	\$ 318
AROs incurred in the period	47	14
Impact of revisions to expected cash flows		
Adjustments to carrying amount of assets	29	32
Charged to earnings	15	22
Settlements		
Cash payments	(30)	(33)
Settlement gains	(3)	(4)
Accretion		
Operating mines	11	11
Closed mines	10	7
At December 31	446	367
Current part	(37)	(33)
	<u>\$ 409</u>	<u>\$ 334</u>

AROs arise from the acquisition, development, construction and normal operation of mining property, plant and equipment, due to government controls and regulations that protect the environment on the closure and reclamation of mining properties. The major parts of the carrying amount of AROs relate to tailings and heap leach pad closure/rehabilitation; demolition of buildings/mine facilities; ongoing water treatment; and ongoing care and maintenance of closed mines. The fair values of AROs are measured by discounting the expected cash flows using a discount factor that reflects the credit-adjusted risk-free rate of interest. We prepare estimates of the timing and amount of expected cash flows when an ARO is incurred. We update expected cash flows to reflect changes in facts and circumstances. The principal factors that can cause expected cash flows to change are: the construction of new processing facilities; changes in the quantities of material in reserves and a corresponding change in the life of mine plan; changing ore characteristics can impact required environmental protection measures and related costs; changes in water quality that impact the extent of water treatment required; and changes in laws and regulations governing the protection of the environment. When expected cash flows increase, the revised cash flows are discounted using a current discount factor whereas when expected cash flows decrease the additional cash flows are discounted using a historic discount factor, and then in both cases any change in the fair value of the ARO is recorded. We record the fair value of an ARO when it is incurred. At producing mines AROs incurred and changes in the fair value of AROs are recorded as an adjustment to the corresponding asset carrying amounts. At closed mines, any adjustment to the fair value of an ARO is charged directly to earnings. AROs are adjusted to reflect the passage of time (accretion) calculated by applying the discount factor implicit in the initial fair-value measurement to the beginning-of-period carrying amount of the AROs. For producing mines accretion is recorded in the cost of goods sold each period. For development projects and closed mines, accretion is recorded as part of environmental remediation costs in other (income) expense. Upon settlement of an ARO, we record a gain or loss if the actual cost differs from the carrying amount of the ARO. Settlement gains are classified as environmental remediation costs in other (income) expense. Other environmental remediation costs that are not AROs as defined by FAS 143 are expensed as incurred (see note 7).

## 18 ■ Other Long-Term Obligations

	2005	2004
At December 31		
Pension benefits (note 23)	\$ 54	\$ 49
Other post-retirement benefits (note 23)	28	26
Derivative liabilities (note 16c)	59	52
Restricted share units (note 22b)	16	6
Other	51	32
	<u>\$ 208</u>	<u>\$ 165</u>

## 19 ■ Deferred Income Taxes

### Recognition and Measurement

We record deferred income tax assets and liabilities where temporary differences exist between the carrying amounts of assets and liabilities in our balance sheet and their tax bases. The measurement and recognition of deferred income tax assets and liabilities takes into account: enacted rates that will apply when temporary differences reverse; interpretations of relevant tax legislation; tax planning strategies; estimates of the tax bases of assets and liabilities; and the deductibility of expenditures for income tax purposes. We recognize the effect of changes in our assessment of these estimates and factors when they occur. Changes in deferred income tax assets, liabilities and valuation allowances are allocated between net income and other comprehensive income based on the source of the change.

Deferred income taxes have not been provided on the undistributed earnings of foreign subsidiaries, which are considered to be reinvested indefinitely outside Canada. The determination of the unrecorded deferred income tax liability is not considered practicable.

### Sources of Deferred Income Tax Assets and Liabilities

At December 31	2005	2004 <sup>1</sup>
<b>Deferred tax assets</b>		
Tax loss carry forwards	\$ 252	\$ 290
Capital tax loss carry forwards	42	48
Alternative minimum tax ("AMT") credits	135	121
Asset retirement obligations	175	106
Property, plant and equipment	297	206
Inventory	57	14
Post-retirement benefit obligations	5	18
Other	11	6
Gross deferred tax assets	974	809
Valuation allowances	(656)	(629)
Net deferred tax assets	318	180
<b>Deferred tax liabilities</b>		
Property, plant and equipment	(230)	(127)
Derivatives	(61)	(95)
	\$ 27	\$ (42)
<b>Classification:</b>		
Non-current assets (note 14)	\$ 141	\$ 97
Non-current liabilities	(114)	(139)
	\$ 27	\$ (42)

1. 2004 deferred tax asset balances for tax loss carry forwards, for property, plant and equipment and other have been restated with a corresponding restatement of valuation allowances.

### Expiry Dates of Tax Losses and AMT Credits

	2006	2007	2008	2009	2010+	No expiry date	Total
<b>Tax losses <sup>1</sup></b>							
Chile	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 700	\$ 700
Tanzania	—	—	—	—	—	142	142
U.S.	—	—	—	1	185	—	186
Other	19	4	2	8	15	26	74
	\$ 19	\$ 4	\$ 2	\$ 9	\$ 200	\$ 868	\$ 1,102
<b>AMT credits <sup>2</sup></b>	—	—	—	—	—	\$ 135	\$ 135

1. Represents the gross amount of tax loss carry forwards translated at closing exchange rates at December 31, 2005.

2. Represents the amounts deductible against future taxes payable in years when taxes payable exceed "minimum tax" as defined by United States tax legislation.

### Valuation Allowances

We consider the need to record a valuation allowance against deferred tax assets on a country-by-country basis, taking into account the effects of local tax law. A valuation allowance is not recorded when we conclude that sufficient positive evidence exists to demonstrate that it is more likely than not that a deferred tax asset will be realized. The main factors considered are:

- historic and expected future levels of future taxable income;
- opportunities to implement tax plans that affect whether tax assets can be realized; and
- the nature, amount and expected timing of reversal of taxable temporary differences.

Levels of future taxable income are mainly affected by: market gold and silver prices; forecasted future costs and expenses to produce gold reserves; quantities of proven and probable gold reserves; market interest rates and foreign currency exchange rates. If these factors or

other circumstances change, we record an adjustment to the valuation allowances to reflect our latest assessment of the amount of deferred tax assets that will more likely than not be realized.

A valuation allowance of \$209 million has been set up against certain deferred tax assets in the United States. A majority of this valuation allowance relates to AMT credits which have an unlimited carry forward period. Increasing levels of future taxable income due to higher gold selling prices and other factors and circumstances may result in an adjustment to this valuation allowance.

## Source of Changes in Deferred Tax Balances

For the years ended December 31

	2005	2004	2003
<b>Temporary differences</b>			
Property, plant and equipment	\$ 30	\$ (86)	\$ 26
Asset retirement obligations	(69)	(21)	(2)
Tax loss carry forwards	38	93	(10)
Derivatives	(34)	(4)	82
Other	8	(5)	4
	<u>\$ (27)</u>	<u>\$ (23)</u>	<u>\$ 100</u>
Adjustment to deferred tax balances due to change in tax status <sup>1</sup>	(5)	(81)	—
Release of beginning-of-year valuation allowances	(32)	(5)	(62)
Outcome of tax uncertainties	—	(120)	—
	<u>\$ (64)</u>	<u>\$ (229)</u>	<u>\$ 38</u>
Intraperiod allocation to:			
Income before income taxes	\$ (30)	\$ (225)	\$ (49)
Cumulative accounting changes	—	—	5
OCI	(34)	(4)	82
Balance sheet reclassifications	(5)	13	23
	<u>\$ (69)</u>	<u>\$ (216)</u>	<u>\$ 61</u>

1. Relates to changes in tax status in Australia (note 8).

## 20 ■ Capital Stock

### a) Common Shares

Our authorized capital stock includes an unlimited number of common shares (issued 538,081,875 common shares); 9,764,929 First preferred shares Series A (issued nil); 9,047,619 Series B (issued nil); 1 Series C special voting share (issued 1); and 14,726,854 Second preferred shares Series A (issued nil).

We repurchased 4.47 million common shares in 2004 (2003: 8.75 million common shares) for \$95 million, at an average cost of \$21.20 per share (2003: \$17.56 per share). This resulted in a reduction of common share capital by \$35 million (2003: \$67 million) and a \$60 million (2003: \$87 million) charge (being the difference between the repurchase cost and the average historic book value of shares repurchased) to retained earnings.

In 2005, we declared and paid dividends in US dollars totaling \$0.22 per share (\$118 million) (2004: \$0.22 per share, \$118 million; 2003: \$0.22 per share, \$118 million).

### b) Exchangeable Shares

In connection with a 1998 acquisition, Barrick Gold Inc. ("BGI"), issued 11.1 million BGI exchangeable shares, which are each exchangeable for 0.53 of a Barrick common share at any time at the option of the holder, and have essentially the same voting, dividend (payable in Canadian dollars), and other rights as 0.53 of a Barrick common share. BGI is a subsidiary that holds our interest in the Hemlo and Eskay Creek Mines.

At December 31, 2005, 1.4 million (2004: 1.4 million) BGI exchangeable shares were outstanding, which are equivalent to 0.7 million Barrick common shares (2004: 0.7 million common shares), and are reflected in the number of common shares outstanding. We have the right to require the exchange of each outstanding BGI exchangeable share for 0.53 of a Barrick common share. While there are exchangeable shares outstanding, we are required to present summary consolidated financial information relating to BGI.

### Summarized Financial Information for BGI

For the years ended December 31

	2005	2004	2003
Total revenues and other income	\$ 181	\$ 216	\$ 226
Less: costs and expenses	186	287	238
Income (loss) before taxes	\$ (5)	\$ (71)	\$ (12)
Net income (loss)	<u>\$ 21</u>	<u>\$ (41)</u>	<u>\$ (31)</u>

At December 31

	2005	2004
<b>Assets</b>		
Current assets	\$ 119	\$ 67
Non-current assets	88	119
	<u>\$ 207</u>	<u>\$ 186</u>
<b>Liabilities and shareholders' equity</b>		
Current liabilities	\$ 25	\$ 24
Intercompany notes payable	390	395
Other long-term liabilities	55	56
Shareholders' equity	(263)	(289)
	<u>\$ 207</u>	<u>\$ 186</u>

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## 21 ■ Other Comprehensive Income (Loss) (“OCI”)

	2005	2004	2003
Accumulated OCI at January 1			
Cash flow hedge gains, net of tax of \$95, \$99, \$17	\$ 206	\$ 189	\$ 32
Investments, net of tax of \$nil, \$nil, \$nil	21	25	(6)
Currency translation adjustments, net of tax of \$nil, \$nil, \$nil	(146)	(147)	(144)
Additional minimum pension liability, net of tax of \$nil, \$nil, \$nil	(12)	(7)	(7)
	<u>\$ 69</u>	<u>\$ 60</u>	<u>\$ (125)</u>
OCI for the year:			
Changes in fair value of cash flow hedges	23	147	348
Changes in fair value of investments	(8)	(3)	24
Currency translation adjustments	3	1	(3)
Adjustments to minimum pension liability	(16)	(5)	—
Less: reclassification adjustments for gains/losses recorded in earnings:			
Transfers of cash flow hedge gains to earnings:			
On recording hedged items in earnings	(134)	(132)	(91)
Hedge ineffectiveness due to changes in timing of hedged items	(1)	(2)	(18)
Investments:			
(Gains) losses realized on sale	16	(6)	11
Other than temporary impairment charges	(17)	5	(4)
OCI, before tax	<u>(134)</u>	<u>5</u>	<u>267</u>
Income tax recovery (expense) related to OCI	34	4	(82)
OCI, net of tax	<u>\$ (100)</u>	<u>\$ 9</u>	<u>\$ 185</u>
Accumulated OCI at December 31			
Cash flow hedge gains, net of tax of \$61, \$95, \$99	128	206	189
Investments, net of tax of \$nil, \$nil, \$nil	12	21	25
Currency translation adjustments, net of tax of \$nil, \$nil, \$nil	(143)	(146)	(147)
Additional minimum pension liability, net of tax of \$nil, \$nil, nil	(28)	(12)	(7)
	<u>\$ (31)</u>	<u>\$ 69</u>	<u>\$ 60</u>



## 22 ■ Stock-Based Compensation

In 2005, following a review of various types of stock-based compensation arrangements, we introduced a new stock-based compensation plan for employees. Under the new plan, selected employees are granted restricted share units (RSUs) each year that vest on the third anniversary of the date of grant. Certain employees have the ability to elect for 50% of each annual RSU grant to be exchanged for stock options using a predetermined exchange ratio. We expect that the volume of options granted each year will decline compared to historical volumes, with a greater number of RSUs issued instead.

### a) Stock Options

#### Employee Stock Option Activity (Number of Shares in Millions)

	2005		2004		2003	
	Shares	Average price	Shares	Average price	Shares	Average price
<b>C\$ options</b>						
At January 1	19.4	\$ 28	21.5	\$ 27	18.9	\$ 27
Granted	—	\$ —	0.8	\$ 28	4.8	\$ 29
Exercised <sup>1</sup>	(3.8)	\$ 25	(1.7)	\$ 25	(1.0)	\$ 24
Forfeited	(0.8)	\$ 27	(0.7)	\$ 26	(0.6)	\$ 24
Cancelled/expired	(0.1)	\$ 40	(0.5)	\$ 31	(0.6)	\$ 32
At December 31	14.7	\$ 28	19.4	\$ 28	21.5	\$ 27
<b>US\$ options</b>						
At January 1	5.9	\$ 22	2.2	\$ 19	3.0	\$ 17
Granted	2.1	\$ 25	4.9	\$ 24	—	\$ —
Exercised <sup>1</sup>	(0.3)	\$ 15	(1.0)	\$ 15	(0.7)	\$ 13
Forfeited	(0.4)	\$ 28	—	\$ —	—	\$ —
Cancelled/expired	(0.4)	\$ 26	(0.2)	\$ 32	(0.1)	\$ 22
At December 31	6.9	\$ 24	5.9	\$ 22	2.2	\$ 19

1. The exercise price of the options is the closing share price on the day before the grant date. They vest evenly over four years, beginning in the year after granting. Options granted in July 2004 and prior are exercisable over 10 years, whereas options granted since December 2004 are exercisable over 7 years. At December 31, 2005, 12 million (2004: 13 million; 2003: 1 million) common shares, in addition to those currently outstanding, were available for granting options.

#### Stock Options Outstanding (Number of Shares in Millions)

Range of exercise prices	Outstanding			Exercisable	
	Shares	Average price	Average life (years)	Shares	Average price
<b>C\$ options</b>					
\$22 — \$27	6.2	\$ 24	6	4.9	\$ 25
\$28 — \$31	6.5	\$ 29	6	4.2	\$ 29
\$32 — \$43	2.0	\$ 39	1	2.0	\$ 39
	14.7	\$ 28	5	11.1	\$ 29
<b>US\$ options</b>					
\$ 9 — \$18	0.2	\$ 13	4	0.2	\$ 13
\$22 — \$27	6.5	\$ 24	6	1.1	\$ 24
\$28 — \$37	0.2	\$ 29	5	0.1	\$ 31
	6.9	\$ 24	6	1.4	\$ 23

We record compensation cost for stock options based on the excess of the market price of the stock at the grant date of an award over the exercise price. Historically, the exercise price for stock options has equaled the market price of the stock at the grant date, resulting in no compensation cost.

## Option Information

For the years ended December 31  
(per share and per option amounts in dollars)

	2005		2004		2003
Valuation assumptions	Black-Scholes	Lattice <sup>2</sup>	Black-Scholes	Black-Scholes	
Expected term (years)	5	5	5		6
Expected volatility <sup>1,2</sup>	23%-30%	1%-38%	30%		40%
Weighted average expected volatility <sup>2</sup>	n/a	33.3%	30%		40%
Expected dividend yield <sup>1</sup>	0.8%-1.0%	0.9%	1.0%		1.0%
Risk-free interest rate <sup>1,2</sup>	3.8%-4.0%	4.3%-4.5%	3.8%		4.5%
Options granted (in millions)	1.1	1.0	5.7		4.8
Weighted average fair value per option	\$ 7.30	\$ 8.13	\$ 6.87	\$	8.50
<b>Pro forma effects</b>					
Net income, as reported		\$ 401	\$ 248	\$	200
Stock-option expense		(26)	(29)		(24)
<b>Pro forma net income</b>		\$ 375	\$ 219	\$	176
Net income per share:					
As reported — Basic		\$ 0.75	\$ 0.47	\$	0.37
As reported — Diluted		\$ 0.75	\$ 0.46	\$	0.37
Pro forma <sup>3</sup>		\$ 0.70	\$ 0.41	\$	0.33

1. Different assumptions were used for the multiple stock option grants valued under the Black-Scholes method.

2. Stock option grants issued after September 30, 2005 were valued using the Lattice valuation model. The volatility and risk-free interest rate assumption varied over the expected term of that stock option grant.

3. Basic and diluted.

We changed the method used to value stock option grants from the Black-Scholes method to the Lattice valuation model for stock options granted after September 30, 2005. We believe the Lattice valuation model provides a more representative fair value because it incorporates more attributes of stock options such as employee turnover and voluntary exercise patterns of option holders. For options granted before September 30, 2005, fair value was determined using the Black-Scholes method. The expected volatility assumptions have been developed taking into consideration both historical and implied volatility of our US dollar share price. The risk-free rate for periods within the contractual life of the option is based on the US Treasury yield curve in effect at the time of the grant.

We use the straight-line method for attributing stock option expense over the vesting period. Stock option expense incorporates an expected forfeiture rate. The expected forfeiture rate is estimated based on historical forfeiture rates and expectations of future forfeitures rates. We make adjustments if the actual forfeiture rate differs from the expected rate.

Under the Black-Scholes model the expected term assumption takes into consideration assumed rates of employee turnover and represents the estimated average length of time stock options remain outstanding before they are either exercised or forfeited. Under the Lattice valuation model, the expected term assumption is derived from the option valuation model and is in part based on historical data regarding the exercise behavior of option holders based on multiple share-price paths. The Lattice model also takes into consideration employee turnover and voluntary exercise patterns of option holders.

As at December 31, 2005, there was \$56 million of total unrecognized compensation cost relating to unvested stock options. We expect to recognize this cost over a weighted-average period of 2 years.

## b) Restricted Share Units (RSUs) and Deferred Share Units (DSUs)

Under our RSU Plan, selected employees are granted RSUs, where each RSU has a value equal to one Barrick common share. RSUs vest and will be settled in cash on the third anniversary of the grant date. Additional RSUs are credited to reflect dividends paid on Barrick common shares. RSUs are recorded at fair value on the grant date, with a corresponding amount recorded as deferred compensation that is amortized on a straight-line basis over the vesting period. Changes in the fair value of the RSUs are recorded, with a corresponding adjustment to deferred compensation. Compensation expense for 2005 was \$2 million (2004: \$4 million; 2003: \$4 million). At December 31, 2005, the weighted-average remaining contractual life of RSUs was 2.5 years.

Under our DSU plan, Directors receive 50% of their basic annual retainer in the form of DSUs, with the option to elect to receive 100% of such retainer in DSUs. Each DSU has the same value as one Barrick common share. DSUs must be retained until the Director leaves the Board, at which time the cash value of the DSUs will be paid out. Additional DSUs are credited to reflect dividends paid on Barrick common shares. DSUs are recorded at fair value on the grant date and are adjusted for changes in fair value. The fair value of amounts granted each period together with changes in fair value are expensed.

### DSU and RSU Activity

	DSUs (thousands)	Fair value (millions)	RSUs (thousands)	Fair value (millions)
At December 31, 2002	—	\$ —	489	\$ 7.3
Granted	8	0.2	130	2.9
Forfeited	—	—	(171)	(2.9)
Credits for dividends	—	—	4	0.1
Change in value	—	—	—	3.0
At December 31, 2003	8	\$ 0.2	452	\$ 10.4
Settled	—	—	(293)	(7.3)
Forfeited	—	—	(58)	(1.3)
Granted	23	0.5	131	3.1
Credits for dividends	—	—	3	0.1
Change in value	—	—	—	0.6
At December 31, 2004	31	\$ 0.7	235	\$ 5.6
Settled	(3)	(0.1)	—	—
Forfeited	—	—	(38)	(0.9)
Granted <sup>1</sup>	19	0.5	415	11.1
Converted to stock options	—	—	(3)	(0.1)
Credits for dividends	—	—	2	0.1
Change in value	—	0.3	—	0.6
At December 31, 2005	47	\$ 1.4	611	\$ 16.4

1. In January 2006, under our RSU plan, 18,112 restricted share units were converted to 72,448 stock options, and 9,395 units were forfeited.

## 23 ■ Post-Retirement Benefits

### a) Defined Contribution Pension Plans

Certain employees take part in defined contribution employee benefit plans. We also have a retirement plan for certain officers of the Company, under which we contribute 15% of the officer's annual salary and bonus. Our share of contributions to these plans, which is expensed in the year it is earned by the employee, was \$20 million in 2005, \$19 million in 2004 and \$16 million in 2003.

### b) Defined Benefit Pension Plans

We have one qualified defined benefit pension plan that covers certain of our United States employees and provides benefits based on employees' years of service. Our policy is to fund the amounts necessary on an actuarial basis to provide enough assets to meet the benefits payable to plan members under the Employee Retirement Income Security Act of 1974. Independent trustees administer assets of the plans, which are invested mainly in fixed-income and equity securities. On December 31, 2004, the qualified defined benefit plan was amended to freeze benefit accruals for all employees, resulting in a curtailment gain of \$2 million.

As well as the qualified plan, we have non-qualified defined benefit pension plans covering certain employees and former directors of the Company. An irrevocable trust ("rabbi trust") was set up to fund these plans. The fair value of assets held in this trust was \$22 million in 2005 (2004: \$31 million), and is recorded in our consolidated balance sheet under available-for-sale securities.

Actuarial gains and losses arise when the actual return on plan assets differs from the expected return on plan assets for a period, or when the expected and actuarial accrued benefit obligations differ at the end of the year. We amortize actuarial gains and losses over the average remaining life expectancy of plan participants, in excess of a 10% corridor.

### Pension Expense

For the years ended December 31	2005	2004	2003
Return on plan assets	\$ (11)	\$ (11)	\$ (11)
Interest cost	12	12	14
Actuarial gains	—	1	—
Loss on curtailment	—	(2)	—
Gain on settlement	—	—	1
	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ 4</u>

### c) Pension Plan Information

#### Fair Value of Plan Assets

For the years ended December 31	2005	2004	2003
Balance at January 1	\$ 170	\$ 166	\$ 170
Actual return on plan assets	10	14	19
Company contributions	10	6	8
Benefits paid	(24)	(16)	(31)
Balance at December 31	<u>\$ 166</u>	<u>\$ 170</u>	<u>\$ 166</u>

At December 31	2005		2004	
	Target	Actual	Actual	Actual
Composition of plan assets:				
Equity securities	50%	49%	\$ 81	\$ 78
Debt securities	50%	51%	85	92
	<u>100%</u>	<u>100%</u>	<u>\$ 166</u>	<u>\$ 170</u>

### Projected Benefit Obligation (PBO)

For the years ended December 31	2005	2004
Balance at January 1	\$ 218	\$ 221
Interest cost	13	12
Actuarial losses	17	3
Benefits paid	(24)	(16)
Curtailments/settlements	—	(2)
Balance at December 31	<u>\$ 224</u>	<u>\$ 218</u>
Funded status <sup>1</sup>	<u>\$ (58)</u>	<u>\$ (48)</u>
Unrecognized actuarial losses	29	11
Net benefit liability recorded	<u>\$ (29)</u>	<u>\$ (37)</u>
ABO <sup>2,3</sup>	<u>\$ 222</u>	<u>\$ 217</u>

1. Represents the fair value of plan assets less projected benefit obligations. Plan assets exclude investments held in a rabbi trust that are recorded separately on our balance sheet under Investments (fair value \$22 million at December 31, 2005). In the year ending December 31, 2006, we do not expect to make any further contributions.

2. For 2005 we used a measurement date of December 31, 2005 to calculate accumulated benefit obligations.

3. Represents the ABO for all plans. The ABO for plans where the PBO exceeds the fair value of plan assets was \$222 million (2004: \$49 million).

Expected Future Benefit Payments

For the years ending December 31

2006	\$	16
2007	\$	16
2008	\$	16
2009	\$	16
2010	\$	17
2011-2015	\$	90

## Total Recorded Benefit Liability

At December 31	2005	2004
Current	\$ 3	\$ —
Non-current	26	37
Benefit plan liability	\$ 29	\$ 37
Additional minimum liability <sup>1</sup> (note 20)	28	12
	<u>\$ 57</u>	<u>\$ 49</u>

1. A minimum pension liability is recognized if the Accumulated Benefit Obligation (ABO), exceeds the fair value of the pension plan assets. The liability that is recorded is calculated by subtracting the fair value of plan assets from the ABO, adjusting this amount by the accrued/prepaid pension cost that has already been recorded on the balance sheet.

## d) Actuarial Assumptions

For the years ended December 31	2005	2004	2003
Discount rate <sup>1</sup>			
Benefit obligation	5.50%	5.50%	6.25%
Pension cost	5.50%	6.25%	6.50%
Return on plan assets <sup>1</sup>	7.00%	7.00%	7.00%
Wage increases	5.00%	5.00%	5.00%

1. Effect of a one-percent change: Discount rate: \$26 million change in ABO and \$1 million change in pension cost; Return on plan assets: \$2 million change in pension cost.

Pension plan assets, which consist primarily of fixed-income and equity securities, are valued using current market quotations. Plan obligations and the annual pension expense are determined on an actuarial basis and are affected by numerous assumptions and estimates including the market value of plan assets, estimates of the expected return on plan assets, discount rates, future wage increases and other assumptions. The discount rate, assumed rate of return on plan assets and wage increases are the assumptions that generally have the most significant impact on our pension cost and obligation.

The discount rate for benefit obligation and pension cost purposes is the rate at which the pension obligation could be effectively settled. This rate was developed by matching the cash flows underlying the pension obligation with a spot rate curve based on the actual returns available on high-grade (Moody's Aa) US corporate bonds. Bonds included in this analysis were restricted to those with a minimum outstanding balance of \$50 million. Only non-callable bonds, or bonds with a make-whole provision, were included. Finally, outlying bonds (highest and lowest 10%) were discarded as being non-representative and likely to be subject to a change in investment grade. The resulting discount rate from this analysis was rounded to the nearest 25 basis points. The procedure was applied separately for pension and post-retirement welfare plan purposes, and produced the same rate in each case.

The assumed rate of return on assets for pension cost purposes is the weighted average of expected long-term asset return assumptions. In estimating the long-term rate of return for plan assets, historical markets are studied and long-term historical returns on equities and fixed-income investments reflect the widely accepted capital market principle that assets with higher volatility generate a greater return over the long run. Current market factors such as inflation and the interest rates are evaluated before long-term capital market assumptions are finalized.

Wage increases reflect the best estimate of merit increases to be provided, consistent with assumed inflation rates.

## e) Other Post-retirement Benefits

We provide post-retirement medical, dental, and life insurance benefits to certain employees. We use the corridor approach in the accounting for post-retirement benefits. Actuarial gains and losses resulting from variances between actual results and economic estimates or actuarial assumptions are deferred and amortized over the average remaining life expectancy of participants when the net gains or losses exceed 10% of the accumulated post-retirement benefit obligation.

## Other Post-retirement Benefits Expense

For the years ended December 31	2005	2004	2003
Interest cost	\$ 2	\$ 2	\$ 1
Other	5	—	—
Curtailments/settlements	—	—	(1)
	<u>\$ 7</u>	<u>\$ 2</u>	<u>\$ —</u>

## Fair Value of Plan Assets

For the years ended December 31	2005	2004	2003
Balance at January 1	\$ —	\$ —	\$ —
Contributions	4	2	2
Benefits paid	(4)	(2)	(2)
Balance at December 31	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>



## Accumulated Post-retirement Benefit Obligation (APBO)

For the years ended December 31

	2005	2004	2003
Balance at January 1	\$ 29	\$ 24	\$ 28
Interest cost	2	2	1
Actuarial losses	11	5	(3)
Benefits paid	(3)	(2)	(2)
Balance at December 31	\$ 39	\$ 29	\$ 24
Funded status	(38)	(29)	(24)
Unrecognized net transition obligation	1	—	—
Unrecognized actuarial losses	6	1	(4)
Net benefit liability recorded	\$ (31)	\$ (28)	\$ (28)

We have assumed a health care cost trend of 10% in 2006, decreasing ratable to 5% in 2011 and thereafter. The assumed health care cost trend had a minimal effect on the amounts reported. A one percentage point change in the assumed health care cost trend rate at December 31, 2005 would have increased the post-retirement obligation by \$4 million or decreased the post-retirement benefit obligation by \$4 million and would have had no significant effect on the benefit expense for 2005.

## Expected Future Benefit Payments

For the years ending December 31

2006	\$ 3
2007	\$ 3
2008	\$ 3
2009	\$ 3
2010	\$ 3
2011-2015	\$ 13

## 24 ■ Litigation and Claims

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. In assessing loss contingencies related to legal proceedings that are pending against us or unasserted claims that may result in such proceedings, the Company and its legal counsel evaluate the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought.

If the assessment of a contingency suggests that a loss is probable, and the amount can be reliably estimated, then a loss is recorded. When a contingent loss is not probable but is reasonably possible, or is probable but the amount of loss cannot be reliably estimated, then details of the contingent loss are disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case we disclose the nature of the guarantee. Legal fees incurred in connection with pending legal proceedings are expensed as incurred.

### Wagner complaint

On June 12, 2003, a complaint was filed against Barrick and several of its current or former officers in the US District Court for the Southern District of New York. The complaint is on behalf of Barrick shareholders who purchased Barrick shares between February 14, 2002 and September 26, 2002. It alleges that Barrick and the individual defendants violated US securities laws by making false and misleading statements concerning Barrick's projected operating results and earnings in 2002. The complaint seeks an unspecified amount of damages. Other parties on behalf of the same proposed class of Barrick shareholders filed several other complaints, making the same basic allegations against the same defendants. In September 2003, the cases were consolidated into a single action in the Southern District of New York. The plaintiffs filed a Consolidated and/or Amended Complaint on November 5, 2003. On January 14, 2004, Barrick filed a motion to dismiss the complaint. On September 29, 2004, the Court issued an order granting in part and denying in part Barrick's motion to dismiss the action. The Court granted the plaintiffs leave to file a Second Amended Complaint, which was filed on October 20, 2004.



The plaintiffs filed a Third Amended Complaint on January 6, 2005. On May 23, 2005, Barrick filed a motion to dismiss part of the Third Amended Complaint. On January 31, 2006, the Court issued an order granting in part and denying in part Barrick's motion to dismiss. We intend to defend the action vigorously.

### Wilcox complaint

On September 8, 2004, two of our US subsidiaries, Homestake Mining Company of California ("Homestake California") and Homestake Mining Company ("Homestake") were served with a First Amended Complaint by persons alleging to be current or former residents of a rural area near the former Grants Uranium Mill. The Complaint, which was filed in the US District Court for the District of New Mexico, identifies 26 plaintiffs. Homestake and Homestake California, along with an unspecified number of unidentified defendants, are named as defendants. The plaintiffs allege that they have suffered a variety of physical, emotional and financial injuries as a result of exposure to radioactive and other hazardous substances. The Complaint seeks an unspecified amount of damages. On November 25, 2005, the Court issued an order granting in part and denying in part a motion to dismiss the claim. The Court granted the motion and dismissed plaintiffs' claims based on strict and absolute liability and ruled that plaintiffs' state law claims are pre-empted by the Price-Anderson Act. An Initial Scheduling Order has been issued by the Court. We intend to defend the action vigorously.

## 25 ■ Joint Ventures

Our major interests in joint ventures are a 50% interest in the Kalgoorlie Mine in Australia; a 50% interest in the Round Mountain Mine in the United States; a 50% interest in the Hemlo Mine in Canada; and a 33% interest in the Marigold Mine in the United States.

### Summary Financial Information (100%)

#### Income Statement and Cash Flow Information

For the years ended December 31

	2005	2004	2003
Revenues	\$ 1,009	\$ 946	\$ 827
Costs and expenses	(796)	(702)	(671)
Net income	\$ 213	\$ 244	\$ 156
Operating activities <sup>1</sup>	\$ 318	\$ 316	\$ 151
Investing activities <sup>1</sup>	\$ (75)	\$ (81)	\$ (85)
Financing activities <sup>1,2</sup>	\$ (237)	\$ (236)	\$ (55)

1. Net cash inflow (outflow).

2. Includes cash flows between the joint ventures and joint venture partners.

#### Balance Sheet Information

At December 31

	2005	2004
<b>Assets</b>		
Inventories	\$ 176	\$ 110
Property, plant and equipment	504	579
Other assets	87	93
	<b>\$ 767</b>	<b>\$ 782</b>
<b>Liabilities</b>		
Current liabilities	\$ 123	\$ 93
Long-term obligations	105	114
	<b>\$ 228</b>	<b>\$ 207</b>

## Gold Mineral Reserves and Mineral Resources

The table on the next page sets forth Barrick's interest in the total proven and probable gold mineral reserves at each property. For further details of proven and probable mineral reserves and measured, indicated and inferred mineral resources by category, see pages 127 and 128.

The Company has carefully prepared and verified the mineral reserve and mineral resource figures and believes that its method of estimating mineral reserves has been verified by mining experience. These figures are estimates, however, and no assurance can be given that the indicated quantities of gold will be produced. Gold price fluctuations may render mineral reserves containing relatively lower grades of gold mineralization uneconomic. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of ore bodies or the processing of new or different ore grades, could affect the Company's profitability in any particular accounting period.

### Definitions

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A *mineral resource* is a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral resources are sub-divided, in order of increasing geological confidence, into inferred, indicated and measured categories.

An *inferred mineral resource* is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

An *indicated mineral resource* is that part of a mineral resource for which quantity, grade and quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

A *measured mineral resource* is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

Mineral resources, which are not mineral reserves, do not have demonstrated economic viability.

A *mineral reserve* is the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined. Mineral reserves are sub-divided in order of increasing confidence into probable mineral reserves and proven mineral reserves.

A *probable mineral reserve* is the economically mineable part of an indicated and, in some circumstances, a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

A *proven mineral reserve* is the economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

## Summary Gold Mineral Reserves and Mineral Resources

For the years ended December 31

		2005			2004		
Based on attributable ounces		Tons (000s)	Grade (oz/ton)	Ounces (000s)	Tons (000s)	Grade (oz/ton)	Ounces (000s)
<b>North America</b>							
Goldstrike Open Pit	(proven and probable)	114,512	0.128	14,603	123,334	0.131	16,188
	(mineral resource)	21,115	0.050	1,054	22,318	0.050	1,107
Goldstrike Underground	(proven and probable)	7,319	0.379	2,773	7,575	0.392	2,970
	(mineral resource)	3,234	0.386	1,247	6,268	0.379	2,373
Goldstrike Property Total	(proven and probable)	121,831	0.143	17,376	130,909	0.146	19,158
	(mineral resource)	24,349	0.095	2,301	28,586	0.122	3,480
Round Mountain (50%)	(proven and probable)	137,804	0.017	2,338	86,983	0.018	1,538
	(mineral resource)	17,706	0.017	296	45,364	0.015	666
East Archimedes	(proven and probable)	17,093	0.059	1,011	17,093	0.059	1,011
	(mineral resource)	3,049	0.061	187	3,049	0.061	187
Hemlo (50%)	(proven and probable)	10,382	0.091	944	13,946	0.090	1,260
	(mineral resource)	1,980	0.151	299	5,251	0.113	594
Eskay Creek	(proven and probable)	268	0.810	217	485	1.058	513
	(mineral resource)	676	0.315	213	476	0.538	256
Marigold (33%)	(proven and probable)	32,546	0.021	689	32,244	0.023	744
	(mineral resource)	19,906	0.020	389	17,768	0.022	387
<b>South America</b>							
Pascua-Lama	(proven and probable)	397,441	0.046	18,349	360,759	0.049	17,615
	(mineral resource)	61,412	0.038	2,304	43,468	0.064	2,797
Veladero	(proven and probable)	386,137	0.033	12,641	396,517	0.032	12,849
	(mineral resource)	2,771	0.005	14	21,804	0.021	449
Lagunas Norte	(proven and probable)	227,140	0.036	8,266	229,449	0.040	9,123
	(mineral resource)	47,964	0.035	1,699	16,153	0.024	395
Pierina	(proven and probable)	65,440	0.029	1,916	65,026	0.039	2,508
	(mineral resource)	3,578	0.019	67	15,363	0.022	341
<b>Australia/Africa</b>							
Kalgoorlie (50%)	(proven and probable)	84,883	0.058	4,894	87,894	0.059	5,181
	(mineral resource)	4,265	0.062	265	12,798	0.068	866
Plutonic	(proven and probable)	16,554	0.145	2,399	18,291	0.137	2,512
	(mineral resource)	18,208	0.151	2,753	13,203	0.158	2,085
Cowal	(proven and probable)	63,600	0.039	2,495	63,600	0.039	2,495
	(mineral resource)	57,208	0.034	1,966	47,534	0.034	1,596
Lawlers	(proven and probable)	3,760	0.126	472	3,222	0.126	405
	(mineral resource)	6,246	0.169	1,054	4,824	0.159	765
Darlot	(proven and probable)	6,343	0.144	914	7,142	0.147	1,048
	(mineral resource)	3,446	0.112	385	3,984	0.119	473
Bulyanhulu	(proven and probable)	25,916	0.414	10,732	23,913	0.443	10,596
	(mineral resource)	3,776	0.469	1,770	4,253	0.546	2,321
Buzwagi	(proven and probable)	39,231	0.061	2,403	—	—	—
	(mineral resource)	18,720	0.043	809	27,127	0.074	2,016
Tulawaka (70%)	(proven and probable)	973	0.387	377	1,077	0.355	382
	(mineral resource)	—	—	—	584	0.068	40
Other	(proven and probable)	363	0.435	158	287	0.411	118
	(mineral resource)	6,940	0.113	783	4,702	0.158	744
<b>Total</b>	(proven and probable)	1,637,705	0.054	88,591	1,538,837	0.058	89,056
	(mineral resource)	302,200	0.058	17,554	316,291	0.065	20,458

## Gold Mineral Reserves <sup>1</sup>

As at December 31, 2005

Based on attributable ounces	Proven			Probable			Total		
	Tons (000s)	Grade (oz/ton)	Ounces (000s)	Tons (000s)	Grade (oz/ton)	Ounces (000s)	Tons (000s)	Grade (oz/ton)	Ounces (000s)
<b>North America</b>									
Goldstrike Open Pit	65,522	0.119	7,773	48,990	0.139	6,830	114,512	0.128	14,603
Goldstrike Underground	2,867	0.489	1,403	4,452	0.308	1,370	7,319	0.379	2,773
Goldstrike Property Total	68,389	0.134	9,176	53,442	0.153	8,200	121,831	0.143	17,376
Round Mountain (50%)	47,013	0.022	1,056	90,791	0.014	1,282	137,804	0.017	2,338
East Archimedes	7,363	0.061	446	9,730	0.058	565	17,093	0.059	1,011
Hemlo (50%)	7,070	0.103	729	3,312	0.065	215	10,382	0.091	944
Eskay Creek	180	0.828	149	88	0.773	68	268	0.810	217
Marigold (33%)	17,701	0.022	389	14,845	0.020	300	32,546	0.021	689
<b>South America</b>									
Pascua-Lama	43,666	0.051	2,218	353,775	0.046	16,131	397,441	0.046	18,349
Veladero	22,139	0.037	812	363,998	0.032	11,829	386,137	0.033	12,641
Lagunas Norte	11,198	0.041	460	215,942	0.036	7,806	227,140	0.036	8,266
Pierina	24,974	0.038	949	40,466	0.024	967	65,440	0.029	1,916
<b>Australia/Africa</b>									
Kalgoorlie (50%)	45,518	0.053	2,395	39,365	0.063	2,499	84,883	0.058	4,894
Plutonic	235	0.149	35	16,319	0.145	2,364	16,554	0.145	2,399
Cowal	5,191	0.046	238	58,409	0.039	2,257	63,600	0.039	2,495
Lawlers	1,505	0.106	159	2,255	0.139	313	3,760	0.126	472
Darlot	1,968	0.116	229	4,375	0.157	685	6,343	0.144	914
Bulyanhulu	1,809	0.412	745	24,107	0.414	9,987	25,916	0.414	10,732
Buzwagi	765	0.061	47	38,466	0.061	2,356	39,231	0.061	2,403
Tulawaka (70%)	195	0.195	38	778	0.436	339	973	0.387	377
<b>Other</b>	—	—	—	363	0.435	158	363	0.435	158
<b>Total</b>	<b>306,879</b>	<b>0.066</b>	<b>20,270</b>	<b>1,330,826</b>	<b>0.051</b>	<b>68,321</b>	<b>1,637,705</b>	<b>0.054</b>	<b>88,591</b>

1. Mineral reserves ("reserves") have been calculated as at December 31, 2005 in accordance with National Instrument 43-101 as required by Canadian securities regulatory authorities. For United States reporting purposes, Industry Guide 7, (under the Securities and Exchange Act of 1934), as interpreted by Staff of the SEC, applies different standards in order to classify mineralization as a reserve. Accordingly, for US reporting purposes, Buzwagi is classified as mineralized material. Barrick is currently assessing the implications of conditions contained in the resolution issued by Chilean regulatory authorities approving the environmental impact assessment for the Pascua-Lama project. It is possible that following the completion of such assessment, up to 1 million ounces of mineralization at the Pascua-Lama project may be reclassified from reserves to mineralized material for US reporting purposes. Calculations have been prepared by employees of Barrick under the supervision of Jacques McMullen, Corporate Head, Metallurgy and Process Development of Barrick, Rick Allan, Director — Engineering and Mining Support of Barrick, and Rick Sims, Manager Corporate Reserves of Barrick. Reserves have been calculated using an assumed long-term average gold price of \$US400 (Aus\$560), a silver price of US\$6.25 and exchange rates of \$1.30 \$Can/\$US and \$0.72 \$US/\$Aus. Reserves at the Hemlo and Eskay properties assumed a gold price of \$US425. Reserves at the Hemlo property assumed an exchange rate of \$1.20 \$Can/\$US. Reserve calculations incorporate current and/or expected mine plans and cost levels at each property. Varying cut-off grades have been used depending on the mine and type of ore contained in the reserves. Barrick's normal data verification procedures have been employed in connection with the calculations. For a more detailed description of the key assumptions, parameters and methods used in calculating Barrick's reserves and resources, see Barrick's most recent Annual Information Form on file with Canadian provincial securities regulatory authorities and the US Securities and Exchange Commission.

## Gold Mineral Resources <sup>1</sup>

As at December 31, 2005

Based on attributable ounces	Measured (M)			Indicated (I)			(M) + (I)	Inferred		
	Tons (000s)	Grade (oz/ton)	Ounces (000s)	Tons (000s)	Grade (oz/ton)	Ounces (000s)	Ounces (000s)	Tons (000s)	Grade (oz/ton)	Ounces (000s)
<b>North America</b>										
Goldstrike Open Pit	12,072	0.054	650	9,043	0.045	404	1,054	417	0.089	37
Goldstrike Underground	1,015	0.472	479	2,219	0.346	768	1,247	3,034	0.386	1,172
Goldstrike Property Total	13,087	0.086	1,129	11,262	0.104	1,172	2,301	3,451	0.350	1,209
Round Mountain (50%)	6,605	0.019	124	11,101	0.015	172	296	17,687	0.013	229
East Archimedes	979	0.063	62	2,070	0.060	125	187	—	—	—
Hemlo (50%)	821	0.166	136	1,159	0.141	163	299	2,820	0.143	404
Eskay Creek	235	0.332	78	441	0.306	135	213	176	0.443	78
Marigold (33%)	11,813	0.018	216	8,093	0.021	173	389	54,368	0.013	693
<b>South America</b>										
Pascua-Lama	7,725	0.035	270	53,687	0.038	2,034	2,304	20,400	0.049	1,003
Veladero	663	0.005	3	2,108	0.005	11	14	125,649	0.010	1,266
Lagunas Norte	822	0.028	23	47,142	0.036	1,676	1,699	21,592	0.051	1,103
Pierina	1,057	0.020	21	2,521	0.018	46	67	265	0.023	6
<b>Australia/Africa</b>										
Kalgoorlie (50%)	1,663	0.058	96	2,602	0.065	169	265	2,009	0.149	300
Plutonic	274	0.245	67	17,934	0.150	2,686	2,753	9,527	0.189	1,800
Cowal	2,594	0.038	98	54,614	0.034	1,868	1,966	14,534	0.034	488
Lawlers	11	—	—	6,235	0.169	1,054	1,054	953	0.161	153
Darlot	490	0.116	57	2,956	0.111	328	385	117	0.222	26
Bulyanhulu	—	—	—	3,776	0.469	1,770	1,770	4,601	0.567	2,608
Buzwagi	309	0.042	13	18,411	0.043	796	809	618	0.040	25
Tulawaka (70%)	—	—	—	—	—	—	—	110	0.127	14
<b>Other</b>	—	—	—	6,940	0.113	783	783	8,529	0.112	954
<b>Total</b>	<b>49,148</b>	<b>0.049</b>	<b>2,393</b>	<b>253,052</b>	<b>0.060</b>	<b>15,161</b>	<b>17,554</b>	<b>287,406</b>	<b>0.043</b>	<b>12,359</b>

1. Resources which are not reserves do not have demonstrated economic viability.

## Contained Silver Within Reported Gold Reserves <sup>1</sup>

For the year ended December 31, 2005

Assumed Metal Prices		Proven			Probable			Total			Process Recovery %
Gold (US\$/oz)	\$400	Tons (000s)	Grade (oz/ton)	Ounces (000s)	Tons (000s)	Grade (oz/ton)	Ounces (000s)	Tons (000s)	Grade (oz/ton)	Ounces (000s)	
Silver (\$US/oz)	\$6.25										
Copper (\$US/lb)	\$1.25										
Africa											
Bulyanhulu		1,809	0.26	462	24,107	0.32	7,738	25,916	0.32	8,200	65.0%
North America											
Eskay Creek		180	43.68	7,862	88	38.22	3,363	268	41.88	11,225	91.1%
South America											
Lagunas Norte		11,198	0.09	1,011	215,942	0.10	21,294	227,140	0.10	22,305	21.7%
Pascua-Lama		43,666	1.79	78,357	353,775	1.71	606,303	397,441	1.72	684,660	78.5%
Pierina		24,974	0.22	5,455	40,467	0.17	6,712	65,441	0.19	12,167	34.8%
Veladero		21,514	0.53	11,435	363,998	0.50	182,608	385,512	0.50	194,043	6.6%
Total		103,341	1.01	104,582	998,377	0.83	828,018	1,101,718	0.85	932,600	61.7%

1. Silver is accounted for as a by-product credit against reported or projected gold production costs.

## Contained Silver Within Reported Gold Resources

For the year ended December 31, 2005

	Measured (M)			Indicated (I)			Total (M) + (I)		
	Tons (000s)	Grade (oz/ton)	Ounces (000s)	Tons (000s)	Grade (oz/ton)	Ounces (000s)	Tons (000s)	Grade (oz/ton)	Ounces (000s)
<b>Africa</b>									
Bulyanhulu	—	—	—	3,776	0.44	1,661	3,776	0.44	1,661
<b>North America</b>									
Eskay Creek	235	11.06	2,598	441	9.85	4,345	676	10.27	6,943
<b>South America</b>									
Lagunas Norte	822	0.15	120	27,261	0.10	2,712	28,083	0.10	2,832
Pascua-Lama	7,725	0.77	5,911	53,687	0.53	28,369	61,412	0.56	34,280
Pierina	1,057	5.06	5,349	42,988	0.17	7,107	44,045	0.28	12,456
Veladero	663	0.25	163	2,108	0.27	563	2,771	0.26	726
<b>Total</b>	<b>10,502</b>	<b>1.35</b>	<b>14,141</b>	<b>130,261</b>	<b>0.34</b>	<b>44,757</b>	<b>140,763</b>	<b>0.42</b>	<b>58,898</b>

## Supplemental Information

### 5-Year Historical Review <sup>1</sup>

(US GAAP basis, unless otherwise indicated)

	2005	2004	2003	2002	2001
<b>Operating results</b> (in millions)					
Gold sales	\$ 2,350	\$ 1,932	\$ 2,035	\$ 1,967	\$ 1,989
Net income (loss)	401	248	200	193	96
Operating cash flow	726	509	519	588	588
Capital expenditures	1,104	824	322	228	474
<b>Per share data</b>					
Net income (loss)	\$ 0.75	\$ 0.46	\$ 0.37	\$ 0.36	\$ 0.18
Cash dividends	0.22	0.22	0.22	0.22	0.22
Operating cash flow	1.35	0.95	0.97	1.09	1.10
Book value	7.16	6.69	6.53	6.15	5.96
<b>Financial position</b> (in millions)					
Cash and equivalents	\$ 1,037	\$ 1,398	\$ 970	\$ 1,044	\$ 779
Total assets	6,862	6,287	5,358	5,261	5,202
Working capital	1,188	1,539	1,004	839	579
Long-term debt <sup>2</sup>	1,721	1,655	719	761	793
Shareholders' equity	3,850	3,574	3,494	3,334	3,192
<b>Operational statistics</b> (unaudited)					
Gold production (thousands of ounces)	5,460	4,958	5,510	5,695	6,124
Total cash costs per ounce	\$ 227	\$ 214	\$ 189	\$ 177	\$ 162
Average realized gold price per ounce	\$ 439	\$ 391	\$ 366	\$ 339	\$ 317
Average spot gold price per ounce	\$ 444	\$ 409	\$ 363	\$ 310	\$ 271
Gold reserves (proven and probable) (thousands of ounces) <sup>3</sup>	88,591	89,056	85,952	86,927	82,272
<b>Other</b>					
Net debt to total capitalization <sup>4</sup>	12%	5%	(6%)	(7%)	1%
Shares outstanding (millions)	538	534	535	542	536

1. Information for all years has been derived from audited financial statements, except as indicated.

2. Long-term debt excludes current portion of \$80 million in 2005, \$31 million in 2004, \$41 million in 2003, \$20 million in 2002 and \$9 million in 2001.

3. Reserves calculated in accordance with National Instrument 43-101, as required by Canadian securities regulatory authorities.

4. Net debt to total capitalization is the ratio of debt less cash and equivalents to debt plus shareholders' equity.

# Corporate Governance and Committees of the Board

## Corporate Governance

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Over the past several years, there has been an increased focus on corporate governance in both the United States and Canada. Among other regulatory initiatives, the New York Stock Exchange added corporate governance standards to its listing rules. Although, as a regulatory matter, the vast majority of the NYSE corporate governance standards are not directly applicable to Barrick as a Canadian company, Barrick has implemented a number of structures and procedures to comply with the NYSE standards. There are no significant differences between Barrick's corporate governance practices and the NYSE standards applicable to U.S. companies.

The Board of Directors has approved a set of Corporate Governance Guidelines to promote the effective functioning of the Board of Directors and its Committees and to set forth a common set of expectations as to how the Board should manage its affairs and perform its responsibilities. Barrick has also adopted a Code of Business Conduct and Ethics that is applicable to all directors, officers and employees of Barrick. In conjunction with the adoption of the Code, Barrick established a toll-free compliance hotline to allow for anonymous reporting of any suspected Code violations, including concerns regarding accounting, internal accounting controls or other auditing matters. A copy of the Corporate Governance Guidelines, the Code of Business Conduct and Ethics and the mandates of the Board of Directors and each of the Committees of the Board, including the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee, is posted on Barrick's website at [www.barrick.com](http://www.barrick.com) and is available in print from the Company to any shareholder upon request.

## Committees of the Board

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### Corporate Governance and Nominating Committee

*(M.A. Cohen, P.C. Godsoe, A.A. MacNaughton)*

Assists the Board in establishing Barrick's corporate governance policies and practices. The Committee also identifies individuals qualified to become members of the Board, and reviews the composition and functioning of the Board and its Committees.

### Audit Committee

*(H.L. Beck, P.A. Crossgrove, S.J. Shapiro)*

Reviews the Company's financial statements and management's discussion and analysis of financial and operating results, and assists the Board in its oversight of the integrity of Barrick's financial statements and other relevant public disclosures, the Company's compliance with legal and regulatory requirements relating to financial reporting, the external auditors' qualifications and independence, and the performance of the internal and external auditors.

### Compensation Committee

*(M.A. Cohen, P.A. Crossgrove, P.C. Godsoe, A.A. MacNaughton, J.L. Rotman)*

Assists the Board in monitoring, reviewing and approving Barrick's compensation policies and practices, and administering Barrick's share compensation plans. The Committee is responsible for reviewing and recommending director and senior management compensation and for succession planning with respect to senior executives.

### Executive Committee

*(A.A. MacNaughton, B. Mulroney, P. Munk, G.C. Wilkins)*

Exercises all the powers of the Board (except those powers specifically reserved by law to the Board of Directors) in the management and direction of business during intervals between meetings of the Board of Directors.

### Environmental, Occupational Health and Safety Committee

*(C.W.D. Birchall, M.A. Cohen, P.A. Crossgrove)*

Reviews environmental and occupational health and safety policies and programs, oversees the Company's environmental and occupational health and safety performance, and monitors current and future regulatory issues.

### Finance Committee

*(C.W.D. Birchall, A.A. MacNaughton, A. Munk, G.C. Wilkins)*

Reviews the Company's investment strategies, hedging program and general debt and equity structure.



## Board of Directors

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**Howard L. Beck, Q.C.**

*Toronto, Ontario*

**Corporate Director**

Mr. Beck was a founding Partner of the law firm Davies, Ward & Beck. He has been a Director of Barrick since 1984.

**C. William D. Birchall**

*Toronto, Ontario*

**Vice Chairman and Director,  
Barrick Gold Corporation**

Mr. Birchall has had a long association with Barrick as one of the original Board members of the Company.

**Donald J. Carty, O.C.**

*Dallas, Texas*

**Corporate Director**

Mr. Carty was the Chairman and Chief Executive Officer of AMR Corp. and American Airlines, Inc. from 1998 to 2003. He has been a Director of Barrick since February 2006.

**Gustavo Cisneros**

*Caracas, Venezuela*

**Head of the Cisneros Group**

Mr. Cisneros has been a Director of Barrick since 2003.

**Marshall A. Cohen, O.C.**

*Toronto, Ontario*

**Counsel,**

**Cassels Brock & Blackwell LLP**

Mr. Cohen served the Government of Canada for 15 years in a number of senior positions including Deputy Minister of Finance. He has been a Director of Barrick since 1988.

**Peter A. Crossgrove, O.C.**

*Toronto, Ontario*

**Corporate Director**

Mr. Crossgrove has been involved in a number of mining companies. He has been a Director of Barrick since 1993.

**John W. Crow**

*Toronto, Ontario*

**President, J&R Crow Inc.**

Mr. Crow served as Governor of the Bank of Canada from 1987 to 1994. He has been a Director of Barrick since February 2006.

**Peter C. Godsoe, O.C.**

*Toronto, Ontario*

**Corporate Director**

Mr. Godsoe was the Chairman and Chief Executive Officer of The Bank of Nova Scotia from 1995 to 2003. Mr. Godsoe has been a Director of Barrick since 2004.

**Robert M. Franklin**

*Toronto, Ontario*

**President, Signalta Capital Corporation**

From 1993 to January 2006, Mr. Franklin was the Chairman of Placer Dome Inc. He has been a Director of Barrick since February 2006.

**J. Brett Harvey**

*Venetia, Pennsylvania*

**President and Chief Executive Officer,  
CONSOL Energy Inc.**

Mr. Harvey has been a Director of Barrick since December 2005.

**Angus A. MacNaughton**

*Danville, California*

**President,**

**Genstar Investment Corporation**

Mr. MacNaughton has been a Director of Barrick since 1986.

**The Right Honourable Brian Mulroney, P.C., LL.D.**

*Montreal, Quebec*

**Senior Partner, Ogilvy Renault**

Mr. Mulroney was Prime Minister of Canada from 1984 to 1993. He has been a Director of Barrick since 1993 and is Chairman of Barrick's International Advisory Board.

**Anthony Munk**

*New York, New York*

**Managing Director,  
Onex Corporation**

Mr. Munk has been a Director of Barrick since 1996.

**Peter Munk, O.C.**

*Toronto, Ontario*

**Chairman,  
Barrick Gold Corporation**

Mr. Munk is the founder and Chairman of the Board of Barrick Gold Corporation. He is also the founder and Chairman of Trizec Properties, Inc.

**Joseph L. Rotman, O.C.**

*Toronto, Ontario*

**Chairman,  
Roy-L Capital Corporation**

Mr. Rotman has been a Director of Barrick since 1983.

**Steven J. Shapiro**

*Houston, Texas*

**Executive Vice President, Finance and Corporate Development,  
Burlington Resources, Inc.**

Mr. Shapiro has been a Director of Barrick since 2004.

**Gregory C. Wilkins**

*Toronto, Ontario*

**President and Chief Executive Officer,  
Barrick Gold Corporation**

Mr. Wilkins was Executive Vice President and Chief Financial Officer of Barrick until his appointment at Horsham (subsequently TrizecHahn Corporation) in September 1993. He has been a Director of Barrick since 1991.

## Senior Officers and International Advisory Board

### Senior Officers

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**Peter Munk**

Chairman

**Gregory C. Wilkins**

President and Chief Executive Officer

**Alexander J. Davidson**

Executive Vice President,  
Exploration and Corporate Development

**Patrick J. Garver**

Executive Vice President and General Counsel

**Peter J. Kinver**

Executive Vice President and Chief Operating Officer

**Jamie C. Sokalsky**

Executive Vice President and Chief Financial Officer

**Vincent Borg**

Senior Vice President,  
Corporate Communications

**Kelvin Dushnisky**

Senior Vice President,  
Corporate Affairs

**Gordon F. Fife**

Senior Vice President,  
Organizational Effectiveness

### International Advisory Board

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The International Advisory Board was established to provide advice to Barrick's Board of Directors and management as the Company expands internationally.

#### Chairman

**The Right Honourable Brian Mulroney**

*Former Prime Minister of Canada*

#### Members

**Gustavo Cisneros**

*Venezuela*

Head of the Cisneros Group

**Secretary William S. Cohen**

*United States*

Chairman and Chief Executive Officer

The Cohen Group

**The Honourable Paul G. Desmarais, Sr.**

*Canada*

Director and Chairman of Executive Committee

Power Corporation of Canada

**Vernon E. Jordan, Jr.**

*United States*

Senior Managing Director Lazard Freres & Co., LLC and  
of Counsel to Akin, Gump, Strauss, Hauer & Feld, LLP

**Peter Munk**

*Canada*

Chairman

Barrick Gold Corporation and Chairman

Trizec Properties, Inc.

**Karl Otto Pöhl**

*Germany*

Senior Partner

Sal. Oppenheim Jr. & Cie

**Lord Charles Powell of Bayswater KCMG**

*United Kingdom*  
Chairman  
Sagitta Asset Management Limited

**Nathaniel Rothschild**  
*United Kingdom*  
Chairman and Chief Executive Officer  
JNR Limited

**The Honorable Andrew Young**  
*United States*  
Chairman  
GoodWorks International

## Shareholder Information

Shares are traded on five major international stock exchanges:

New York  
Toronto  
Euronext-Paris

Swiss  
London

### Ticker Symbol

ABX (New York, Toronto, Euronext-Paris, Swiss)  
BGD (London)

### Number of Registered Shareholders

15,299

### Index Listings

S&P/TSX Composite  
Index S&P/TSX 60 Index S&P  
Global 1200 Index  
Philadelphia Gold/Silver  
Index CBOE Gold Index AMEX  
Gold Miners Index

### 2005 Dividend Per Share

US\$0.22

### Common Shares

(millions)

Outstanding at December 31, 2005	538*
Weighted average 2005	
Basic	536*
Fully diluted	538*

The Company's shares were split on a two-for-one basis in 1987, 1989 and 1993.

\* Includes shares issuable upon conversion of Barrick Gold Inc. exchangeable shares.

### Volume of Shares Traded

(millions)

	2005	2004
TSX	418	408
NYSE	459	442

### Closing Price of Shares

December 31, 2005

TSX	C\$32.41
NYSE	US\$27.87

## Share Trading Information

### Toronto Stock Exchange

Quarter	Share Volume (millions)		High		Low	
	2005	2004	2005	2004	2005	2004
First	90	124	C\$31.71	C\$31.45	C\$26.54	C\$25.52
Second	85	103	31.80	31.82	26.80	25.06
Third	104	84	35.05	27.76	28.55	24.10
Fourth	140	98	34.01	30.22	28.96	25.41
	418	408				

### New York Stock Exchange

Quarter	Share Volume (millions)		High		Low	
	2005	2004	2005	2004	2005	2004
First	88	137	US\$ 26.32	US\$ 23.89	US\$ 21.27	US\$ 19.15
Second	93	115	25.90	23.49	21.90	18.07
Third	115	75	29.95	19.61	23.35	18.14

Fourth	163	114	29.12	16.74	24.58	20.17
	459	442				

## **Dividend Payments**

In 2005, the Company paid a cash dividend of \$0.22 per share — \$0.11 on June 15 and December 15. A cash dividend of \$0.22 per share was paid in 2004 — \$0.11 on June 15 and \$0.11 on December 15.

## **Dividend Policy**

The Board of Directors reviews the dividend policy semi-annually based on the cash requirements of the Company's operating assets, exploration and development activities, as well as potential acquisitions, combined with the current and projected financial position of the Company.

## **Form 40-F**

The Company's Annual Report on Form 40-F is filed with the United States Securities and Exchange Commission. The Company's most recently filed Form 40-F included as exhibits the certifications of our Chief Executive Officer and Chief Financial Officer as required by Sections 302 and 906 of the United States Sarbanes-Oxley Act of 2002. This report will be made available to shareholders, without charge, upon written request to the Secretary of the Company at the Corporate Office.

## **Other Language Reports**

French and Spanish versions of this annual report are available from Investor Relations at the Corporate Office.

## **Shareholder Contacts**

Shareholders are welcome to contact the Company for information or questions concerning their shares. For general information on the Company, contact the Investor Relations Department.

For information on such matters as share transfers, dividend cheques and change of address, inquiries should be directed to the Transfer Agents.

## **Transfer Agents and Registrars**

CIBC Mellon Trust Company  
P.O. Box 7010  
Adelaide Street Postal Station  
Toronto, Ontario M5C 2W9  
Telephone: (416) 643-5500  
Toll-free within the United States and Canada:  
1-800-387-0825  
Fax: (416) 643-5660  
Email: [inquiries@cibcmellon.com](mailto:inquiries@cibcmellon.com)  
Web site: [www.cibcmellon.com](http://www.cibcmellon.com)

Mellon Investor Services, L.L.C.  
480 Washington Blvd.  
Jersey City, NJ 07310  
Email: [shrrelations@mellon.com](mailto:shrrelations@mellon.com)  
Web site: [www.melloninvestor.com](http://www.melloninvestor.com)

## **Auditors**

PricewaterhouseCoopers LLP  
Toronto, Canada

## **Annual Meeting**

The Annual Meeting of Shareholders will be held on Thursday, May 4, 2006 at 10:00 a.m. in the John Bassett Theatre, Metro Toronto Convention Centre, Toronto, Ontario.

## Corporate Information

### Corporate Office

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#### **Barrick Gold Corporation**

BCE Place  
TD Canada Trust Tower  
161 Bay Street, Suite 3700  
P. O. Box 212  
Toronto, Canada M5J 2S1  
Telephone: (416) 861-9911  
Fax: (416) 861-2492  
Email: investor@barrick.com

Toll-free number within  
Canada and United States:  
1-800-720-7415  
Web site: www.barrick.com

#### **Investor Relations**

##### *Contacts:*

##### **James Mavor**

Vice President, Investor Relations  
Telephone: (416) 307-7463  
Fax: (416) 861-0727  
Email: jmavor@barrick.com

##### **Mary Ellen Thorburn**

Director, Investor Relations  
Telephone: (416) 307-7363  
Fax: (416) 861-0727  
Email: mthorburn@barrick.com

##### **Erwyn Naidoo**

Senior Manager, Investor Relations  
Telephone: (416) 307-7417  
Fax: (416) 861-0727  
Email: enaidoo@barrick.com

### Regional Business Units

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#### **North America**

##### **Gregory A. Lang**

##### *President*

136 East South Temple  
Suite 1300  
Salt Lake City, Utah  
U.S.A. 84111-1141  
Telephone: (801) 990-3900  
Fax: (801) 359-0875  
Email: narbu@barrick.com

##### **Mines:**

Bald Mountain, USA  
Cortez (60%), USA  
Golden Sunlight, USA  
Goldstrike Property, USA  
Marigold (33%), USA  
Round Mountain (50%), USA  
Turquoise Ridge (75%), USA  
Eskay Creek, Canada  
Hemlo (50%), Canada

##### **Projects:**

Cortez Hills (60%), USA  
Donlin Creek (70%), USA  
East Archimedes, USA  
Pueblo Viejo (60%), Dominican  
Republic

#### **South America**

##### **Igor Gonzales**

##### *President*

Av. Ricardo Lyon 222  
Piso 11, Providencia  
Santiago, Chile  
Telephone: (56-2) 340-2022  
Fax: (56-2) 233-0188  
Email: sarbu@barrick.com

##### **Mines:**

Veladero, Argentina  
Lagunas Norte, Peru  
Pierina, Peru  
Zaldívar (copper), Chile

##### **Projects:**

Pascua-Lama, Chile/Argentina

#### **Australia/Africa**

##### **John Shipp**

##### *President*

Level 10  
2 Mill Street  
Perth WA 6000 Australia  
Telephone: (61-8) 9212-5777  
Fax: (61-8) 9322-5700  
Email: aarbu@barrick.com

##### **Mines:**

Darlot, Australia  
Granny Smith, Australia  
Henty, Australia  
Kalgoorlie (50%), Australia  
Kanowna, Australia  
Lawlers, Australia  
Osborne (copper), Australia  
Plutonic, Australia  
Bulyanhulu, Tanzania  
North Mara, Tanzania  
Tulawaka (70%), Tanzania  
Porgera (75%), Papua New Guinea  
South Deep (50%), South Africa

##### **Projects:**

Cowal, Australia  
Buzwagi, Tanzania  
Kabanga (50%; nickel), Tanzania

#### **Russia/Central Asia**

##### **René Marion**

##### *Vice President*

2nd Floor, Tverskaya Str. 22/2, bld. 1  
125047 Moscow, Russia  
Telephone: (7-095) 981-3434  
Fax: (7-095) 981-3435  
Email: rrbu@barrick.com



## Cautionary Statement on Forward-Looking Information

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Certain information contained or incorporated by reference in this Annual Report 2005, including any information as to our future financial or operating performance, constitutes "forward-looking statements". All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by us, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: fluctuations in the currency markets (such as the Canadian and Australian dollars versus the US dollar); fluctuations in the spot and forward price of gold or certain other commodities (such as silver, copper, diesel fuel and electricity); changes in US dollar interest rates or gold lease rates that could impact the mark-to-market value of outstanding derivative instruments and ongoing payments/receipts under interest rate swaps and variable rate debt obligations; risks arising from holding derivative instruments (such as credit risk, market liquidity risk and mark-to-market risk); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, Dominican Republic, Australia, Papua New Guinea, Chile, Peru, Argentina, South Africa, Tanzania, Russia or Barbados or other countries in which we do or may carry on business in the future; business opportunities that may be presented to, or pursued by, us; our ability to successfully integrate acquisitions, including our recent acquisition of Placer Dome; operating or technical difficulties in connection with mining or development activities; the speculative nature of gold exploration and development, including the risks of obtaining necessary licenses and permits; diminishing quantities or grades of reserves; adverse changes in our credit rating; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of gold exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold bullion losses (and the risk of inadequate insurance, or inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can affect our actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, us. Readers are cautioned that forward-looking statements are not guarantees of future performance. All of the forward-looking statements made in this Annual Report 2005 are qualified by these cautionary statements. Specific reference is made to Barrick's most recent Form 40-F/Annual Information Form on file with the SEC and Canadian provincial securities regulatory authorities for a discussion of some of the factors underlying forward-looking statements.

We disclaim any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

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March 24, 2006

Dear Shareholders:

On behalf of the Board of Directors, I would like to invite you to attend Barrick's Annual and Special Meeting of Shareholders to be held on Thursday, May 4, 2006 at 10:00 a.m. (Eastern Standard Time) in the John Bassett Theatre of the Metro Toronto Convention Centre, Toronto, Ontario.

At the meeting, we will report to you on the Company's performance in 2005 and our plans for the future. You will also be able to meet and ask questions of the Board of Directors and senior management.

The enclosed Management Information Circular describes the business to be conducted at the meeting. It is important that you exercise your vote, either in person at the meeting or by completing and sending in your proxy form.

If you are unable to attend the meeting in person, you may listen to a live webcast of the meeting, which will be available at [www.barrick.com](http://www.barrick.com), starting at 10:00 a.m. (Eastern Standard Time). The recorded version of the meeting will be available at [www.barrick.com](http://www.barrick.com) until the next Annual Meeting of Shareholders.

We hope that we will have the opportunity to welcome you to this year's Annual and Special Meeting.

Sincerely,

PETER MUNK  
Chairman

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# BARRICK GOLD CORPORATION



BCE Place, Canada Trust Tower, Suite 3700  
161 Bay Street, P.O. Box 212  
Toronto, Ontario, Canada M5J 2S1

## Notice of the Annual and Special Meeting of Shareholders

NOTICE is hereby given that the Annual and Special Meeting of the Shareholders (the "Meeting") of Barrick Gold Corporation (the "Company" or "Barrick") will be held in the John Bassett Theatre of the Metro Toronto Convention Centre, Toronto, Ontario on Thursday, May 4, 2006 at 10:00 a.m. (Toronto time) in order to:

1. receive the consolidated financial statements of the Company for the year ended December 31, 2005 and the auditors' report thereon;
2. elect directors;
3. appoint auditors and authorize the directors to fix their remuneration;
4. consider and, if deemed appropriate, adopt a special resolution (the full text of which is set out in Appendix B to the accompanying Management Information Circular and Proxy Statement (the "Circular")) (the "Continuance and Arrangement Resolution") in respect of the continuance and arrangement of the Company, all as more particularly described in the accompanying Circular; and
5. transact such other business as may properly be brought before the Meeting and any postponement or adjournment thereof.

Barrick's Board of Directors has fixed the close of business on March 16, 2006 as the record date for determining shareholders entitled to receive notice of, and to vote at, the Meeting and any postponement or adjournment of the Meeting. Only the holders of record of Barrick common shares and Barrick Gold Inc. exchangeable shares are entitled to have their votes counted at the Meeting. Computershare Investor Services Inc., as the holder of the Barrick special voting share, will cast the votes attributable to the Barrick Gold Inc. exchangeable shares as instructed by the holders thereof. Holders who have acquired Barrick common shares after the record date are entitled to vote those shares at the Meeting upon producing properly endorsed share certificates, or otherwise establishing share ownership, and requesting the inclusion of their name in the list of shareholders not later than ten days before the date of the Meeting.

DATED at Toronto, Ontario, this 24th day of March, 2006.

By Order of the Board of Directors,

Sybil E. Veenman  
Vice-President, Assistant General Counsel and Secretary

Shareholders are cordially invited to attend the Meeting. Shareholders are urged to complete and return the enclosed proxy or voting instruction form promptly. To be effective, Barrick proxies must be received at the Toronto office of CIBC Mellon Trust Company, the Company's registrar and transfer agent, by 5:00 p.m. (Toronto time) on May 3, 2006 or the last business day prior to any adjourned or postponed Meeting. Barrick Gold Inc. voting instruction forms must be received at the Toronto office of Computershare Investor Services Inc. by 5:00 p.m. (Toronto time) on May 2, 2006 or the second last business day before any adjourned or postponed Meeting. Shareholders whose shares are held by a nominee may receive either a voting instruction form or form of proxy and should follow the instructions provided by the nominee.

A shareholder of Barrick who dissents from the Continuance and Arrangement Resolution is entitled to be paid the fair value of his or her shares in accordance with section 185 of the *Business Corporations Act* (Ontario). In addition, a shareholder of Barrick who dissents from the Continuance and Arrangement Resolution is entitled, alternatively, to be paid the fair value of his or her shares in accordance with section 191 of the *Business Corporations Act* (Alberta). For further information, refer to "Dissent Rights" in the Circular.

*Proxies will be counted and tabulated by CIBC Mellon Trust Company, the Company's registrar and transfer agent, in such a manner as to protect the confidentiality of how a particular shareholder votes except where they contain comments clearly intended for management, in the case of a proxy contest, or where it is necessary to determine the proxy's validity or to permit management and the Board of Directors to discharge their legal obligations to the Company or its shareholders.*



# BARRICK GOLD CORPORATION



BCE Place, Canada Trust Tower, Suite 3700  
161 Bay Street, P.O. Box 212  
Toronto, Ontario, Canada M5J 2S1

## MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT

**This Management Information Circular and Proxy Statement (the “Circular”) is furnished in connection with the solicitation of proxies by the management of Barrick Gold Corporation (the “Company” or “Barrick”) for use at the Annual and Special Meeting of Shareholders (or any postponement or adjournment thereof) of Barrick (the “Meeting”) to be held at 10:00 a.m. (Toronto time) on Thursday, May 4, 2006 in the John Bassett Theatre of the Metro Toronto Convention Centre, Toronto, Ontario for the purposes set forth in the accompanying Notice of Meeting.**

The solicitation of proxies will be primarily by mail, but proxies may also be solicited personally by telephone by regular employees of the Company for which no additional compensation will be paid. In addition, Barrick has retained Kingsdale Shareholder Services Inc. to assist in the solicitation of proxies in the United States and Canada for estimated fees of Cdn\$100,000. The cost of preparing, assembling and mailing this Circular, the Notice of Meeting, the proxy form, the voting instruction form and any other material relating to the Meeting and the cost of soliciting proxies has been or will be borne by Barrick. The Company will reimburse brokers and other entities for costs incurred by them in mailing soliciting materials to the beneficial owners of common shares of Barrick (“Barrick Common Shares”) and Barrick Gold Inc. (formerly, Homestake Canada Inc.) exchangeable shares (“BGI Exchangeable Shares”). It is anticipated that copies of this Circular, the Notice of Meeting, and accompanying proxy form or voting instruction form will be distributed to shareholders on or about March 31, 2006.

This Circular provides the information that you need to vote at the Meeting.

- If you are a registered holder of Barrick Common Shares, we have enclosed a proxy form that you can use to vote at the Meeting.
- If you are a registered holder of BGI Exchangeable Shares, we have enclosed a voting instruction form that you can use to give the voting instructions that indirectly permit you to vote such shares.
- If your Barrick Common Shares or BGI Exchangeable Shares are held by a nominee, you may receive either a form of proxy or voting instruction form and should follow the instructions provided by the nominee.

Unless otherwise indicated, the information in this Circular is given as at March 1, 2006.

Unless otherwise indicated, all dollar references in this Circular are to United States dollars and all references to financial results are based on our financial statements prepared in accordance with U.S. GAAP. Unless otherwise indicated, all references to “US\$” or “\$” are to U.S. dollars and all references to “Cdn\$” are to Canadian dollars. The annual average exchange rate for 2005 reported by the Bank of Canada was U.S. \$1.00 = Cdn\$1.2116.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and Barrick or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, Barrick (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

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## VOTING INFORMATION

### Voting Matters

At the Meeting, shareholders are voting on the election of directors, the appointment of auditors and authorization of the Board of Directors to fix their remuneration and the continuance and arrangement of the Company.

### Who Can Vote

The record date for the Meeting is Thursday, March 16, 2006. Holders of Barrick Common Shares or BGI Exchangeable Shares as of the close of business on Thursday, March 16, 2006 are entitled to vote. Each Barrick Common Share is entitled to one vote on those items of business identified in the Notice of Meeting. Each BGI Exchangeable Share is entitled to exercise the same voting rights as 0.53 of a Barrick Common Share. These voting rights are exercised by Computershare Investor Services Inc. as the holder of the Barrick special voting share.

If you have acquired Barrick Common Shares after the record date, you are entitled to vote those shares at the Meeting upon producing properly endorsed share certificates or otherwise establishing share ownership, and requesting the inclusion of your name in the list of shareholders not later than ten days before the date of the Meeting.

### Voting your Barrick Common Shares

#### *Registered Shareholders*

If you are a registered shareholder, you may vote in person at the Meeting or give another person authority to represent you and vote your shares at the Meeting, as described under “— Voting by Proxy”.

#### *Non-registered Shareholders*

Your Barrick Common Shares may not be registered in your name but in the name of a nominee, which is usually a trust company, securities broker or other financial institution. If your shares are registered in the name of a nominee, you are a non-registered shareholder. Your nominee is required to seek your instructions as to how to vote your shares. You may vote your Barrick Common Shares through your nominee or in person.

To vote your Barrick Common Shares through your nominee, you should follow the instructions of your nominee with respect to the procedures to be followed for voting. Generally, nominees will provide non-registered shareholders with either: (a) a voting instruction form for completion and execution by you, or (b) a proxy form, executed by the nominee and restricted to the number of shares owned by you, but otherwise uncompleted. These procedures are to permit non-registered shareholders to direct the voting of the Barrick Common Shares that they beneficially own.

If you are a non-registered shareholder, to vote your shares in person at the Meeting, you should take the following steps:

- (1) appoint yourself as the proxyholder by writing your own name in the space provided on the voting instruction form or form of proxy, and
- (2) follow the nominee's instructions for return of the executed form or other method of response.

Do not otherwise complete the form as your vote, or your designate's vote, will be taken at the Meeting.

### Voting by Proxy

If you will not be at the Meeting or do not wish to vote in person, you may still vote by using the enclosed proxy form. A proxy must be in writing and must be executed by you or by your attorney authorized in writing, unless you have chosen to complete your proxy by telephone or the Internet, as described on the enclosed proxy form.



### ***Your Proxy Vote***

On the proxy form, you can indicate how you want to vote your Barrick Common Shares, or you can let your proxyholder decide for you.

All Barrick Common Shares represented by properly completed proxies received at the Toronto office of CIBC Mellon Trust Company by 5:00 p.m. (Toronto time) on Wednesday, May 3, 2006 or the last business day before any adjourned or postponed Meeting will be voted or withheld from voting, in accordance with your instructions as specified in the proxy, on any ballot votes that take place at the Meeting.

If you give directions on how to vote your shares, your proxyholder must vote your shares according to your instructions. If you have not specified how to vote on a particular matter, then your proxyholder can vote your shares as he or she sees fit. **If neither you nor your proxyholder gives specific instructions, your Barrick Common Shares will be voted as follows:**

- **FOR** the election of the 16 nominees as directors;
- **FOR** the appointment of PricewaterhouseCoopers LLP as independent auditors for 2006 and the authorization of the directors to fix their remuneration; and
- **FOR** the continuance and arrangement of the Company as set out in Appendix B to the Circular.

### ***Appointing a Proxyholder***

A proxyholder is the person you appoint to act on your behalf at the Meeting and to vote your shares. **You may choose anyone to be your proxyholder, including someone who is not a shareholder of Barrick.** Simply fill in the name in the blank space provided on the enclosed proxy form. If you leave the space in the proxy form blank, the persons designated in the form, who are officers of Barrick, are appointed to act as your proxyholder.

Your proxy authorizes the proxyholder to vote and act for you at the Meeting, including any continuation after an adjournment of the Meeting.

### ***Revoking Your Proxy***

If you give a proxy, you may revoke it at any time before it is used by doing any one of the following:

- You may send another proxy form with a later date to the Toronto office of CIBC Mellon Trust Company, but it must reach CIBC Mellon Trust Company by 5:00 p.m. (Toronto time) on Wednesday, May 3, 2006 or the last business day before any adjourned or postponed Meeting.
- You may deliver a signed written statement, stating that you want to revoke your proxy, to the Secretary of the Company no later than 5:00 p.m. (Toronto time) on Wednesday, May 3, 2006, or the last business day before any adjourned or postponed Meeting, at BCE Place, Canada Trust Tower, Suite 3700, 161 Bay Street, P.O. Box 212, Toronto, Ontario, M5J 2S1 or by facsimile at (416) 861-8243 or 1-866-781-3111 (within Canada and the United States).
- You may attend the Meeting and notify the Chairman of the Meeting prior to the commencement of the Meeting that you have revoked your proxy.
- You may revoke your proxy in any other manner permitted by law.

### **Voting Your BGI Exchangeable Shares**

BGI Exchangeable Shares are each exchangeable at any time for 0.53 of a Barrick Common Share. Your BGI Exchangeable Shares give you essentially the same economic rights and, indirectly, the same voting rights that you would have if you held Barrick Common Shares. Each BGI Exchangeable Share entitles you to receive dividends from Barrick Gold Inc. ("BGI") that are equivalent to the dividends paid on 0.53 of a Barrick Common Share. (You do not share in dividends or distributions payable on the BGI common shares, all of which are owned by a subsidiary of Barrick.) Each BGI Exchangeable Share entitles you to exercise the same voting

rights as 0.53 of a Barrick Common Share. That is the reason we are sending you this proxy material. (Except as required by Ontario law, you do not exercise voting rights as a shareholder of BGI.)

Computershare Investor Services Inc. (“Computershare”) serves as the trustee under the Voting, Support and Exchange Trust Agreement (as supplemented). As trustee, Computershare holds a special voting share of Barrick (the “Special Voting Share”) that enables it to vote on behalf of the holders of BGI Exchangeable Shares (other than Barrick and its subsidiaries) on all matters presented to holders of Barrick Common Shares in accordance with the instructions of holders of BGI Exchangeable Shares. Except as otherwise required by applicable law, the Special Voting Share has a number of votes attached to it equal to the number of BGI Exchangeable Shares outstanding from time to time which are not owned by Barrick and its subsidiaries multiplied by 0.53.

### ***Registered Shareholders***

If you are a registered shareholder of BGI Exchangeable Shares, you can vote by signing and returning the enclosed voting instruction form, or you can attend the Meeting and vote in person.

The voting instruction form permits you to instruct Computershare to vote in respect of your BGI Exchangeable Shares. As a holder of BGI Exchangeable Shares, you are entitled to instruct Computershare to cast a number of votes equal to the number of Barrick Common Shares for which the BGI Exchangeable Shares held by you are exchangeable. You also can use your voting instruction form to name a proxy to represent you at the Meeting. To designate a proxy, simply fill in the name of the person that you wish to appoint to represent you in the space provided on the voting instruction form.

On any ballot, Computershare will vote or withhold from voting, in accordance with your instructions, the applicable number of votes in respect of your BGI Exchangeable Shares represented by a properly completed voting instruction form (received by Computershare in the manner and within the time specified above) and where a choice has been specified in your voting instruction form with respect to any matter to be acted on, Computershare will vote such number of votes in accordance with those instructions.

**If you sign and return the voting instruction form, but do not give directions on how to vote your BGI Exchangeable Shares, you will be deemed to have voted, and Computershare will vote, as follows:**

- **FOR** the election of the 16 nominees as directors;
- **FOR** the appointment of PricewaterhouseCoopers LLP as independent auditors for 2006 and the authorization of the directors to fix their remuneration; and
- **FOR** the continuance and arrangement of the Company as set out in Appendix B to the Circular.

To be effective, voting instruction forms must be received by Computershare, 100 University Avenue, 9th Floor, Toronto, Ontario, Canada M5J 2Y1 or by facsimile at (416) 263-9524 or 1-866-249-7775 (within North America), by 5:00 p.m. (Toronto time) on Tuesday, May 2, 2006 or the second last business day before any adjourned or postponed Meeting. That will give Computershare enough time to tabulate the voting instructions and vote on your behalf.

To vote in person at the Meeting, you must bring your voting instruction form with you to the Meeting, naming yourself as proxy.

### ***Non-registered Shareholders***

If your shares are not registered in your own name but are held in the name of a nominee, there are two ways you can vote your BGI Exchangeable Shares. For your BGI Exchangeable Shares to be voted for you, follow the voting instructions provided by your nominee. If you wish to attend the Meeting and vote in person or name a person to represent you at the Meeting, you must have the nominee appoint you or the person you would like to represent you at the Meeting as a proxy.

### ***Revoking Your Voting Instructions for BGI Exchangeable Shares***

If you give voting instructions to Computershare, you may revoke the voting instructions at any time before the BGI Exchangeable Shares are voted by doing any one of the following:

- You may send another voting instruction form with a later date to the Toronto office of Computershare, but it must reach Computershare by 5:00 p.m. (Toronto time) on Tuesday, May 2, 2006 or the second last business day before any adjourned or postponed Meeting to be sure that Computershare has enough time to process the change.
- You may deliver a signed written statement, stating that you want to revoke your voting instructions, to the Secretary of the Company no later than 5:00 p.m. (Toronto time) on Tuesday, May 2, 2006, or the second last business day before any adjourned or postponed Meeting at BCE Place, Canada Trust Tower, Suite 3700, 161 Bay Street, P.O. Box 212, Toronto, Ontario, M5J 2S1 or by facsimile at (416) 861-8243.
- If you are a registered holder of BGI Exchangeable Shares, you may attend the Meeting, revoke your voting instructions to Computershare prior to commencement of the Meeting, appoint yourself as proxy and vote in person.

### **ADDITIONAL MATTERS PRESENTED AT THE ANNUAL AND SPECIAL MEETING**

The enclosed proxy form or voting instruction form confers discretionary authority upon the persons named as proxies therein with respect to any amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.

If you sign and return the proxy form for Barrick Common Shares and any matter is presented at the Meeting in addition to the matters described in the Notice of Meeting, the Barrick officers named as proxies will vote in their best judgment. If you give Computershare authority to vote your BGI Exchangeable Shares, Computershare has advised Barrick that it will vote on any additional matters as recommended by Barrick's management. When this Circular went to press, management of Barrick was not aware of any matters to be considered at the Meeting other than the matters described in the Notice of Meeting or any amendments or variations to the matters described in such notice.

### **VOTING SHARES AND PRINCIPAL HOLDERS**

The Barrick Common Shares and the Special Voting Share are the only shares entitled to vote directly at the Meeting. As at Thursday, March 16, 2006, 861,262,874 Barrick Common Shares and one Special Voting Share were issued and outstanding. The holders of Barrick Common Shares are entitled to one vote per share. Computershare, the holder of the Special Voting Share, is entitled to cast the number of votes equal to the number of BGI Exchangeable Shares outstanding (excluding those owned by Barrick and its subsidiaries) multiplied by 0.53. Computershare will cast these votes as directed by the holders of the BGI Exchangeable Shares on the basis of 0.53 votes per BGI Exchangeable Share. To the extent that a BGI Exchangeable Shareholder does not provide a voting instruction form to Computershare, Computershare will not cast the corresponding votes. As of Thursday, March 16, 2006, there were 1,367,174 BGI Exchangeable Shares outstanding that were not owned by Barrick or its subsidiaries, which would entitle the holder of the Special Voting Share to cast 724,602 votes at the Meeting.

The presence of at least two people holding or representing by proxy at least 20% of the total number of votes attached to the issued shares entitled to vote at the Meeting is necessary for a quorum at the Meeting.

To the knowledge of the directors and senior officers of Barrick, no person beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Company.

## ELECTION OF DIRECTORS

It is proposed that the 16 people listed below be nominated for election as directors of Barrick to hold office until the next annual meeting or until their successors are elected or appointed. All of the proposed nominees are currently directors of Barrick and have been since the dates indicated. The Articles of the Company provide for a minimum of five and a maximum of 20 directors.

Unless otherwise instructed, proxies and voting instructions given pursuant to this solicitation by the management of Barrick will be voted for the election of the proposed nominees. If any proposed nominee is unable to serve as a director, the individuals named in the enclosed form of proxy reserve the right to nominate and vote for another nominee in their discretion.

### Nominees for Election as Directors

The following table sets forth for each nominee for election as director: age; place of residence; present principal occupation and principal occupations held in the last five years if different; a brief description of the nominee's principal directorships, memberships and education; the number of Barrick Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised; the number of Deferred Share Units (DSUs) credited to the nominee; the number of outstanding options held by the nominee under Barrick's stock option plans (there have been no stock option grants to non-management directors since May 2003); whether the nominee meets Barrick's share ownership guidelines for directors; the date the nominee became a director of Barrick; current membership on Committees of the Board of Directors; record of attendance at meetings of the Board of Directors and its Committees during the 12 months ended December 31, 2005; and whether or not the Board of Directors has determined each nominee to be independent. In the Support Agreement, dated December 22, 2005, between Barrick and Placer Dome Inc., Barrick agreed to appoint three directors of Placer Dome to the Board of Directors of Barrick. Pursuant to such agreement, Donald J. Carty, John W. Crow and Robert M. Franklin were appointed to the Board of Directors of Barrick on February 22, 2006. There are no other contracts, arrangements or understandings between any director or executive officer or any other person pursuant to which any of the nominees has been nominated.



**Howard L. Beck, 72**  
Toronto, Ontario, Canada

Shares: 189,144  
DSUs: 7,298  
Options: 100,000

Mr. Beck is a corporate director. Prior to November 2002, Mr. Beck was the Chairman of Wescam Inc., a company engaged in the design and manufacturing of stabilized imaging and transmission systems. Mr. Beck is also a director of Citibank Canada and Trizec Canada Inc. and a trustee of Cineplex Galaxy Trust. Mr. Beck holds an undergraduate degree and law degree from the University of British Columbia and a master's degree in law from Columbia University. He was called to the bar of British Columbia and Ontario, and appointed Queen's Counsel in 1971.

#### Barrick Board Details:

- Director since 1984
- Meetings attended: Board — 6 of 6 regular, 3 of 3 special;  
Audit Committee (Chair until June 30, 2005) — 8 of 8
- Meets share ownership guidelines
- Independent



**C. William  
D. Birchall, 63**  
Toronto, Ontario, Canada

Shares: 150,000  
DSUs: 3,757  
Options: 250,000

Mr. Birchall was appointed as the Vice Chairman of Barrick in July 2005. Mr. Birchall has been the Chief Executive Officer of ABX Financeco Inc., a Barrick subsidiary, since 2004. From 1996 to 2001, Mr. Birchall was Vice Chairman of TrizecHahn Corporation, a real estate company. Mr. Birchall is also a director of Trizec Canada Inc. and Rogers Communications Inc. Mr. Birchall graduated from Merchant Taylor's School. He is a Fellow of the United Kingdom Institute of Chartered Accountants.

**Barrick Board Details:**

- Director since 1984
- Meetings attended: Board — 6 of 6 regular, 3 of 3 special;  
Finance Committee (Chair) — 3 of 3; Environmental, Occupational Health and Safety Committee — 3 of 3 <sup>(2)</sup>
- Meets share ownership guidelines
- Non-Independent (Vice Chairman of Barrick)



**Donald J. Carty, 59**  
Dallas, Texas, USA

Shares: 10,000  
DSUs: Nil  
Options: Nil

Mr. Carty is a corporate director. From 1998 to 2003, he was the Chairman and Chief Executive Officer of AMR Corp. and American Airlines. Mr. Carty is also a director of CHC Helicopter Corporation, Dell Inc., Hawaiian Holdings Inc., Sears Holding Corp., and Solution Inc. Ltd. He is the Chairman of the Board of Big Brothers Big Sisters and a trustee of Southern Methodist University. He holds an undergraduate degree and an honorary doctor of laws from Queen's University and a master's degree in business administration from Harvard University. Mr. Carty is an Officer of the Order of Canada.

**Barrick Board Details:**

- Director since February 22, 2006
- Meetings attended: Not applicable
- Meets share ownership guidelines
- Independent



**Gustavo Cisneros, 60**  
Caracas, Venezuela

Shares: Nil  
DSUs: 6,963  
Options: 100,000

Mr. Cisneros is the Chairman and Chief Executive Officer of the Cisneros Group of Companies, a privately held media, entertainment, technology and consumer products organization. Mr. Cisneros is a member of Barrick's International Advisory Board and a director of Univision Communications, Inc. and Pueblo International, LLC. He is a member of the advisory board of a number of organizations and universities, including the Council on Foreign Relations, The Americas Society, Columbia University and Harvard University. Mr. Cisneros holds an undergraduate degree from Babson College.

**Barrick Board Details:**

- Director since 2003
- Meetings attended: Board — 6 of 6 regular, 1 of 3 special
- Has until September 9, 2008 to meet share ownership guidelines
- Independent



**Marshall A. Cohen,** <sup>(3)</sup> 70  
Toronto, Ontario, Canada

Shares: 4,000  
DSUs: 7,298  
Options: 100,000

Mr. Cohen is Counsel of the law firm Cassels, Brock & Blackwell LLP. He is a director of a number of other companies, including American International Group, Inc., Collins & Aikman Inc., Metaldyne Corporation and TD Ameritrade, and Chairman of the Golf Town Income Fund. Mr. Cohen holds an undergraduate degree from the University of Toronto, a law degree from Osgoode Hall Law School and a master's degree in law from York University. Mr. Cohen is Chairman of the Board of Governors of York University and a director of a number of non-profit organizations, including the C.D. Howe Institute and Mount Sinai Hospital. Mr. Cohen is an Officer of the Order of Canada.

**Barrick Board Details:**

- Director since 1988
- Meetings attended: Board — 6 of 6 regular, 3 of 3 special; Corporate Governance and Nominating Committee (Chair) — 5 of 5; Compensation Committee — 6 of 6; Environmental, Occupational Health & Safety Committee — 5 of 5
- Meets share ownership guidelines
- Independent



**Peter A. Crossgrove,** 69  
Toronto, Ontario, Canada

Shares: 5,000  
DSUs: 4,112  
Options: 50,000

Mr. Crossgrove is a corporate director. Prior to May 2005, Mr. Crossgrove was the Chairman of Masonite International Corporation, a door manufacturing company. He is also a director of Quadra Logic Technologies Inc., Dundee Realty Inc., Band-Ore Resources Ltd. and Excellon Resources. Mr. Crossgrove is the Chairman of Cancer CARE Ontario. He holds an undergraduate degree from McGill University and Concordia University and a master's degree in business administration from the University of Western Ontario. Mr. Crossgrove is a recipient of the Queen's Jubilee Medal and an Officer of the Order of Canada.

**Barrick Board Details:**

- Director since 1993
- Meetings attended: Board — 6 of 6 regular, 3 of 3 special; Environmental, Occupational Health & Safety Committee (Chair) — 5 of 5; Audit Committee — 8 of 8; Compensation Committee — 6 of 6
- Meets share ownership guidelines
- Independent



**John W. Crow,** 69  
Toronto, Ontario, Canada

Shares: 15,500 <sup>(4)</sup>  
DSUs: Nil  
Options: Nil

Mr. Crow is President of J&R Crow Inc., an economic and financial consulting firm. He is also a director of Rockwater Capital Corporation, High Income Principal and Yield Corporation, High Income Preferred Shares Corporation, Coastal Income Corporation, Student Transportation of America and OFI Income Fund. Mr. Crow served as the Governor of the Bank of Canada from 1987 to 1994. Mr. Crow holds an undergraduate degree from Oxford University.

**Barrick Board Details:**

- Director since February 22, 2006
- Meetings attended: Not applicable
- Meets share ownership guidelines
- Independent



**Robert M. Franklin, 59**  
Toronto, Ontario, Canada

Shares: 35,958 <sup>(5)</sup>  
DSUs: Nil  
Options: Nil

Mr. Franklin is President of Signalta Capital Corporation, an investment company. From 1993 to January 2006, he was the Chairman of the Board of Placer Dome Inc. Mr. Franklin is also a director of Toromont Industries Ltd., Great Lakes Carbon Income Trust and Royster-Clark Ltd. He holds an undergraduate degree from Hillsdale College.

**Barrick Board Details:**

- Director since February 22, 2006
- Meetings attended: Not applicable
- Meets share ownership guidelines
- Independent



**Peter C. Godsoe, 67**  
Toronto, Ontario, Canada

Shares: 1,500  
DSUs: 2,996  
Options: Nil

Mr. Godsoe is a corporate director. Prior to March 2004, he was the Chairman of the Bank of Nova Scotia, a financial services company, and prior to December 2003, the Chairman and Chief Executive Officer of the Bank of Nova Scotia. Mr. Godsoe is also the Chairman of Fairmont Hotels & Resorts and Sobey's Inc., and a director of Ingersoll-Rand Company, Lonmin PLC, Onex Corporation, Rogers Communications Inc. and Templeton Emerging Markets Investment Trust. In addition, he is a director of a number of non-profit organizations, including the Canadian Council of Christians and Jews and Mount Sinai Hospital. Mr. Godsoe holds an undergraduate degree from the University of Toronto and a master's degree in business administration from Harvard University. He is a chartered accountant and a Fellow of the Institute of Chartered Accountants in Ontario. Mr. Godsoe is a member of the Canadian Business Hall of Fame and an Officer of the Order of Canada.

**Barrick Board Details:**

- Director since 2004
- Meetings attended: Board — 6 of 6 regular, 3 of 3 special; Compensation Committee — 3 of 4 <sup>(6)</sup>; Corporate Governance and Nominating Committee — 5 of 5
- Has until February 12, 2009 to meet share ownership guidelines
- Independent



**J. Brett Harvey, 55**  
Venetia, Pennsylvania, USA

Shares: 5,500  
DSUs: 44  
Options: Nil

Mr. Harvey is President, Chief Executive Officer and a director of CONSOL Energy Inc., a producer of coal, gas and electricity. He is also a director of CNX Gas Corporation. Mr. Harvey serves on the board of directors or advisory council of a number of energy industry associations, including the U.S. National Mining Association, Center for Energy & Economic Development, IEA Coal Industry Advisory Board, Waterways Council Inc., Coal Based Generation Stakeholders and the Bituminous Coal Operators' Association. Mr. Harvey holds an undergraduate degree from the University of Utah.

**Barrick Board Details:**

- Director since December 15, 2005
- Meetings attended: Board: <sup>(7)</sup> — 1 of 1 regular, 1 of 1 special
- Has until December 15, 2010 to meet share ownership guidelines
- Independent



**The Right Honourable Brian Mulroney**, 66  
Montreal, Quebec, Canada

Shares: 1,000  
DSUs: Nil  
Options: 550,000

Mr. Mulroney is the Chairman of Barrick's International Advisory Board and a Senior Partner of the law firm Ogilvy Renault. Mr. Mulroney was the Prime Minister of Canada from 1984 to 1993. He is Chairman of Quebecor World Inc. and a director of Archer Daniels Midland Company, Cendant Corporation, Trizec Properties Inc., Independent News and Media, PLC and Quebecor Inc. Mr. Mulroney is also Senior Counselor to Hicks, Muse, Tate & Furst, a global private equity firm, and member of the international advisory council of a number of companies, including JP Morgan Chase & Co. and Magna International Inc. He holds an undergraduate degree from St. Francis Xavier University and a law degree from Université Laval. Mr. Mulroney is a Companion of the Order of Canada.

**Barrick Board Details:**

- Director since 1993
- Meetings attended: Board — 5 of 6 regular, 3 of 3 special
- Has until January 1, 2008 to meet share ownership guidelines
- Non-Independent (Chairman of Barrick's International Advisory Board)



**Anthony Munk**, 45  
New York, New York, USA

Shares: 5,000  
DSUs: 4,112  
Options: 100,000

Mr. Anthony Munk is Managing Director of Onex Corporation, a diversified manufacturing and service company. He also serves as a director of Cineplex Galaxy General Partner Corporation. Mr. Munk holds an undergraduate degree from Queen's University.

**Barrick Board Details:**

- Director since 1996
- Meetings attended: Board — 6 of 6 regular, 3 of 3 special; Finance Committee — 3 of 3
- Meets share ownership guidelines
- Non-Independent (member of the immediate family of the Chairman of Barrick)



**Peter Munk**, 78  
Toronto, Ontario, Canada

Shares: 1,500,000 <sup>(8)</sup>  
DSUs: Nil  
Options: 2,650,000

Mr. Peter Munk is the Chairman of Barrick. He is also Chairman of Trizec Properties, Inc., a real estate investment trust, and Chairman and Chief Executive Officer of Trizec Canada Inc., a real estate company. Mr. Munk is the former Chair of the University of Toronto Crown Foundation and served as a Trustee of the University Health Network in Toronto. He holds an undergraduate degree and an honorary doctor of laws from the University of Toronto. Mr. Munk is a member of the Canadian Business Hall of Fame and the Canadian Mining Hall of Fame, a recipient of the Woodrow Wilson Award for Corporate Citizenship and an Officer of the Order of Canada.

**Barrick Board Details:**

- Director since 1984
- Meetings attended: Board — 6 of 6 regular, 3 of 3 special
- Meets share ownership guidelines
- Non-Independent (Chairman of Barrick)





**Joseph L. Rotman,** <sup>(9)</sup> 71  
Toronto, Ontario, Canada

Shares: Nil  
DSUs: 4,112  
Options: 100,000

Mr. Rotman is Chairman of Roy-L Capital Corporation, a private investment company. He is also a director of Clairvest Group Inc. Mr. Rotman is the Chair of the Government of Canada Expert Panel on Commercialization and serves as a member of the board of directors or advisory council of a number of research institutes, including the Canadian Institute of Health Research, Medical and Related Science Centre, Ontario Genomics Institute, Stem Cell Network and C.D. Howe Institute. He holds an undergraduate degree from the University of Western Ontario and a master's degree in commerce from the University of Toronto. Mr. Rotman is an Officer of the Order of Canada.

**Barrick Board Details:**

- Director since 1984
- Meetings attended: Board — 6 of 6 regular, 2 of 3 special; Compensation Committee — 6 of 6
- Has until January 1, 2008 to meet share ownership guidelines
- Independent



**Steven J. Shapiro,** 53  
Houston, Texas, USA

Shares: 3,000  
DSUs: 1,986  
Options: Nil

Mr. Shapiro is Executive Vice President, Finance and Corporate Development, and a director of Burlington Resources, Inc., an oil and gas exploration and production company. Prior to April 2005, he was Executive Vice President and Chief Financial Officer of Burlington Resources, Inc., and prior to January 2003, he was Senior Vice President and Chief Financial Officer of Burlington Resources, Inc. He serves as chairman of the executive committee of the American Petroleum Institute's general committee on finance. Mr. Shapiro holds an undergraduate degree from Union College and a master's degree in business administration from Harvard University.

**Barrick Board Details:**

- Director since 2004
- Meetings attended: Board — 6 of 6 regular, 3 of 3 special; Audit Committee (Chair since July 1, 2005) — 7 of 8
- Has until September 1, 2009 to meet share ownership guidelines
- Independent



**Gregory C. Wilkins, 50**  
Toronto, Ontario, Canada

Shares: 20,000  
DSUs: Nil  
Options: 1,550,000  
RSUs: 92,573

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Mr. Wilkins is President and Chief Executive Officer of Barrick. Prior to February 2003, he was a corporate director. Prior to May 2002, Mr. Wilkins was the Vice Chairman of TrizecHahn Corporation, a real estate company, and prior to March 2001, he was the President and Chief Operating Officer of TrizecHahn Corporation. He is also a director of Patheon Inc. and a member of the Cabinet for The Heart for University Health Network Campaign. Mr. Wilkins is a Chartered Accountant in Ontario and holds an undergraduate degree from Concordia University.

**Barrick Board Details:**

- Director since 1991
- Meetings attended: Board — 6 of 6 regular, 3 of 3 special; Finance Committee — 3 of 3
- Meets share ownership guidelines
- Non-Independent (President and Chief Executive Officer of Barrick)

**Notes:**

- (1) The information about Barrick Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, not being within the knowledge of Barrick, has been furnished by the respective nominees. Unless otherwise indicated, (a) beneficial ownership is direct and (b) the person indicated has sole voting and investment power.
- (2) Mr. Birchall was appointed to the Environmental, Occupational Health and Safety Committee in April 2005 and attended all of the meetings subsequent to his appointment.
- (3) Mr. Cohen is a director of Collins & Aikman Inc., a company which during the past ten years has made a proposal under legislation relating to bankruptcy or insolvency or instituted an arrangement with creditors while Mr. Cohen was acting as a director for such company. On May 17, 2005, Collins & Aikman and substantially all of its U.S. operating subsidiaries filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code.
- (4) Mr. Crow owns 11,786 Barrick Common Shares directly, and J&R Crow Inc., of which Mr. Crow is President, owns 3,714 Barrick Common Shares.
- (5) Mr. Franklin owns 26,396 Barrick Common Shares directly, and Signalta Capital Corp., of which Mr. Franklin is President, owns 5,848 Barrick Common Shares. In addition, Mr. Franklin exercises control over 3,714 Barrick Common Shares owned by a family member.
- (6) Mr. Godsoe was appointed to the Compensation Committee in April 2005 and attended three of the four meetings held subsequent to his appointment.
- (7) Mr. Harvey was appointed to the Board of Directors on December 15, 2005 and attended all of the meetings held subsequent to his appointment.
- (8) Mr. Peter Munk is the Chairman and Chief Executive Officer of Trizec Canada Inc. and owns shares of Trizec Canada Inc. which represent a significant equity interest and a majority of the voting power in Trizec Canada Inc. TrizecHahn Corporation, a wholly-owned subsidiary of Trizec Canada Inc., owns 30,299,558 Barrick Common Shares (approximately 3.6%). Mr. Munk disclaims beneficial ownership of the shares of Barrick owned by TrizecHahn Corporation. Family members of Mr. Peter Munk own 1,600 common shares of Barrick (excluding those shares owned by Mr. Anthony Munk, who is a director of Barrick).
- (9) Mr. Rotman has been a director of other companies which during the past ten years have been the subject of a cease trade or similar order while Mr. Rotman was acting as a director of such companies. Livent Inc. was the subject of a cease trade order issued by the Ontario Securities Commission on August 7, 1998 following the discovery of accounting irregularities. In November 1998, Livent Inc. filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code and filed for protection under the *Companies Creditors Arrangement Act* in Canada. The cease trade order was revoked effective November 20, 1998, and Mr. Rotman resigned as a director of Livent Inc. on September 29, 1999. Paragon Entertainment Corporation made a filing under the *Companies Creditors Arrangement Act* in April 1998; Mr. Rotman resigned as a director of Paragon in June 1998.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The following outlines Barrick's current corporate governance practices with respect to the various matters addressed by National Policy 58-201 — *Corporate Governance Guidelines* (the "Canadian Guidelines") and National Instrument 58-101 — *Disclosure of Corporate Governance Practices*, adopted by the Canadian Securities Administrators, and the corporate governance listing standards adopted by the New York Stock Exchange (the "NYSE Standards"). Although, as a regulatory matter, the majority of the NYSE Standards are not directly applicable to Barrick as a Canadian company, Barrick has implemented a number of additional governance structures and procedures to comply with the requirements of the NYSE Standards. There are no significant differences between Barrick's corporate governance practices and the NYSE Standards applicable to U.S. companies.

### Constitution of the Board of Directors

The Board of Directors is currently comprised of 17 directors. The size and composition of the Board reflects a breadth of backgrounds and experience that is important for effective governance of an international corporation in the mining industry. It is proposed that 16 directors be elected at the Meeting. Mr. Angus MacNaughton, who has served as a director of Barrick since 1986, will retire from the Board at the Meeting.

During 2005 and 2006, four additional independent directors have been added to the Board. In December 2005, Mr. J. Brett Harvey was appointed to the Board and in February 2006, Messrs. Donald J. Carty, John W. Crow and Robert M. Franklin were appointed to the Board. Mr. Harvey was appointed following a search process carried out with the assistance of an external search firm. Messrs. Carty, Crow and Franklin were directors of Placer Dome Inc. ("Placer") which was recently acquired by Barrick. Under the terms of the Support Agreement entered into between Barrick and Placer on December 22, 2005, Barrick agreed to appoint three directors of Placer to the Barrick Board.

Consistent with the NYSE Standards and National Instrument 58-101, to be considered "independent" the Board of Directors must make an affirmative determination, by a resolution of the Board as a whole, that the director being reviewed has no material relationship with the Company other than as a director, either directly or indirectly (such as a partner, shareholder or executive officer of another entity that has a relationship with the Company). In each case, the Board broadly considers all relevant facts and circumstances.

A director will not be deemed to be "independent" if, within the preceding three years:

- a) the director was employed by the Company or any of its indirect subsidiaries;
- b) an immediate family member of the director was employed by the Company as an executive officer;
- c) the director, or an immediate family member, is a current partner of a firm that is the Company's internal or external auditor or within the last three years (but no longer) a partner or employee of such a firm and personally worked on the Company's audit within that time;
- d) the director is a current employee of the Company's internal or external auditor;
- e) an immediate family member of the director is a current employee of the Company's internal or external auditor and that person participates in the firm's audit, assurance or tax compliance (but not planning) practice;
- f) a director, or an immediate family member, received more than Cdn\$75,000 annually in direct compensation from the Company, other than director and committee fees and pensions or other forms of deferred compensation, so long as such compensation is not contingent on continued service;
- g) a director was employed as an executive officer of another company where any of the Company's current executives serve on that company's compensation committee;
- h) an immediate family member of the director was employed as an executive officer of another company where any of the Company's current executives serve on that company's compensation committee;

- i) a director was an executive officer or an employee of a company that makes payments to or receives payments from the Company for property or services in an amount that exceeds in any single fiscal year \$1,000,000 or 2% of that company's consolidated gross revenues, whichever is greater; or
- j) an immediate family member is an executive officer of a company that makes payments to or receives payments from the Company for property or services in an amount that exceeds in any single fiscal year \$1,000,000 or 2% of that company's consolidated gross revenues, whichever is greater.

An "immediate family member" includes a director's spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters- in-law, brothers- and sisters-in-law, and anyone (other than domestic employees) who shares such director's home.

A director's service as an executive officer of a not-for-profit organization will not impair his or her independence if, within the preceding three years, the Company's charitable contributions to the organization in any single fiscal year, in the aggregate, do not exceed the greater of \$1,000,000 or 2% of that organization's latest publicly available consolidated gross revenues.

With the assistance of the Corporate Governance and Nominating Committee, the Board of Directors has considered the relationship to Barrick of each of the nominees for election by the shareholders and has determined that 11 of the 16 directors nominated for election at the Meeting are independent (H.L. Beck, D.J. Carty, G. Cisneros, M.A. Cohen, P.A. Crossgrove, J.W. Crow, R.M. Franklin, P.C. Godsoe, J.B. Harvey, J.L. Rotman, and S.J. Shapiro). Four of the directors who are considered non-independent are officers or employees of Barrick (C.W.D. Birchall, B. Mulroney, P. Munk and G.C. Wilkins). One of the non-independent directors (A. Munk) is a member of the Chairman's family.

For a list of other principal directorships held by each of the nominees for election at the Meeting, see "Election of Directors — Nominees for Election as Directors" on page 6.

### **Functioning of the Board of Directors**

Barrick has an experienced Board of Directors that has made a significant contribution to Barrick's success. The Board is satisfied that it is not constrained in its access to information, in its deliberations or in its ability to satisfy the mandate established by law to supervise the business and affairs of Barrick and that there are sufficient systems and procedures in place to allow the Board to function independently. The Board holds regularly scheduled sessions throughout the year during which the independent directors meet in the absence of the non-independent directors and management. The independent sessions are presided over by the Lead Director, P.C. Godsoe. The Lead Director was elected by the independent directors to preside at the independent sessions and to perform such other duties as the Board may determine. Six independent sessions were held during 2005.

The Board of Directors is responsible for the stewardship of the Company and for the supervision of the management of the business and affairs of the Company. The Board has adopted a formal mandate setting out the role and responsibilities of the Board, a copy of which is attached as Appendix A to this Circular.

In order to delineate the roles and responsibilities of each, the Board has also adopted written position descriptions for the Chairman of the Board and the Chief Executive Officer. The responsibilities of the Chairman of the Board include presiding over Board meetings, assuming principal responsibility for the Board's operation and functioning, and ensuring that Board functions are effectively carried out. The responsibilities of the Chief Executive Officer include overseeing the management of the day-to-day operations of the Company, providing leadership and vision to the Company, developing and recommending significant corporate strategies and objectives for approval by the Board, and developing and recommending to the Board annual operating budgets.

The Board has adopted a process to evaluate the functioning of the Board, each of the Committees and individual directors. As part of such process, each of the members of the Board and the members of each Committee complete detailed evaluation questionnaires relating to the Board and the relevant Committee. Completed questionnaires are returned to outside legal counsel, who compile the results and review such results

with the Chairman of the Corporate Governance and Nominating Committee. The results of the evaluations are then reviewed by the Corporate Governance and Nominating Committee and are reported to the full Board.

New members of the Board of Directors are provided with the necessary information about Barrick, its business and the factors that affect its performance by management and by other members of the Board. In addition, the Board or the Committees receive updates as necessary with respect to applicable regulatory or other requirements relating to the role and responsibilities of directors, the Board or the relevant Committee. The Board and the Committees also receive presentations from management from time to time relating to specific aspects of the Company's business.

Action by the Board of Directors or Committees may be taken at a regularly held meeting or at a meeting held by conference call or by written consent. There were six regularly scheduled meetings and three special meetings of the Board of Directors during 2005. For the record of attendance at Board and Committee meetings of the nominees for election as directors at the Meeting, see "Election of Directors — Nominees for Election as Directors" on page 6.

### **Committees of the Board**

The Board of Directors has established six Committees, all of which have written mandates. Such mandates include a description of the role and responsibilities of the Chairman of the Committee, which include presiding over Committee meetings, ensuring that the Committee is properly organized and effectively discharges its duties, reporting to the Board with respect to the activities of the Committee, and leading the Committee in annually reviewing and assessing the adequacy of its mandate and its effectiveness in fulfilling its mandate. A copy of the mandate for each of the Committees is posted on Barrick's website at [www.barrick.com](http://www.barrick.com).

#### ***Corporate Governance and Nominating Committee***

The purpose of the Corporate Governance and Nominating Committee is to assist the Board in establishing Barrick's corporate governance policies and practices generally, identifying individuals qualified to become members of the Board, reviewing the composition of the Board and its Committees, evaluating the functioning of the Board and its Committees on an annual basis, and to make recommendations to the Board of Directors as appropriate. The Committee's mandate provides that in considering nominees to the Board of Directors, the Committee shall consider the current composition of the Board and assess the ability of candidates to contribute to the effective oversight of the management of the Company, taking into account the needs of the Company and the individual's background, experience, perspective, skills and knowledge that are appropriate and beneficial to Barrick. The Committee is also responsible for Barrick's response to the Canadian Guidelines and the NYSE Standards and for reviewing and approving the annual disclosure relating to such guidelines and standards. The Committee holds regular *in camera* sessions, during which the members of the Committee meet in the absence of management. The Committee's mandate grants it sole authority to retain and terminate legal or other advisors, including any search firm to be used to identify candidates for nomination as directors, including sole authority to approve the search firm's fees and other retention terms. The Committee's mandate requires the Committee to evaluate the functioning of the Committee on an annual basis.

The Committee identifies candidates for appointment as independent directors, both through individuals known to the Committee or other members of the Board and with the assistance of an external search firm. The Committee reviews Barrick's corporate governance practices and procedures, oversees annual evaluations of the functioning of the Board, its Committees and individual directors and reviews Barrick's Corporate Governance Guidelines and Code of Business Conduct and Ethics.

The Corporate Governance and Nominating Committee is comprised entirely of independent directors (M.A. Cohen, P.C. Godsoe and A.A. MacNaughton). There were five meetings of the Committee during 2005. All of the members of the Committee attended all of the meetings.

## ***Audit Committee***

The purpose of the Audit Committee is to assist the Board in its oversight of the integrity of: Barrick's financial reporting process and the quality, transparency and integrity of its financial statements and other related public disclosures; the Company's internal controls over financial reporting; compliance with legal and regulatory requirements relevant to Barrick's financial statements; the external auditors' qualifications and independence; and the performance of the internal audit function and the external auditors.

The Committee is responsible for retaining and terminating, and/or making recommendations to the Board and the shareholders relating to the retention or termination of the external auditors and communicating to them that they are ultimately accountable to the Committee and the Board as the representatives of the shareholders. The Committee also reviews the external audit plan and the results of the audit, reviews with the external auditors any audit problems or difficulties and management's response, approves all audit engagement fees and terms and pre-approves all permitted non-audit services to be performed by the external auditors. The Committee reviews and recommends to the Board for approval the Company's annual and quarterly financial statements and related management's discussion and analysis and discusses with management the Company's earnings press releases, as well as the type of financial information and earnings guidance (if any). The Committee reviews and discusses with management, the external auditors and the head of internal audit the effectiveness of the Company's internal controls over financial reporting and the responsibilities and effectiveness of the Company's internal audit function. The Committee also discusses with management the Company's processes with respect to risk assessment and risk management as they relate to internal controls over financial reporting.

The Committee has direct communication channels with the Company's internal and external auditors. All of the members of the Committee are financially literate and at least one member has accounting or related financial management expertise. The Board has determined that S.J. Shapiro, a member of the Committee, is an "audit committee financial expert" as defined by U.S. Securities and Exchange Commission (SEC) rules. The rules adopted by the SEC indicate that the designation of Mr. Shapiro as an audit committee financial expert will not deem him to be an "expert" for any purpose or impose any duties, obligations or liability on Mr. Shapiro that are greater than those imposed on members of the Committee and Board of Directors who do not carry this designation.

The Committee has established procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters, and for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. The Committee has set a hiring policy for employees or former employees of the external auditors. The Committee holds regular *in camera* sessions during which it meets separately with each of management, the head of internal audit and the external auditors. The mandate of the Committee grants it sole authority to retain and terminate legal, accounting or other advisors, including sole authority to approve the advisors' fees and other retention terms. The Committee's mandate also requires the Committee to evaluate the functioning of the Committee on an annual basis.

The Audit Committee is comprised entirely of independent directors (H.L. Beck, P.A. Crossgrove and S.J. Shapiro). There were eight meetings of the Committee during 2005. All of the members of the Committee attended all of the meetings, with the exception of Mr. Shapiro who did not attend one meeting.

The Company does not restrict the number of other audit committees on which members of its Audit Committee may serve. P.A. Crossgrove currently serves on the audit committees of three other public companies. The Board has determined that the service of Mr. Crossgrove on the audit committees of such other companies does not impair his ability to effectively serve on the Committee, particularly given his experience as a director of public companies and the fact that he is retired from full-time employment.

For additional information regarding the Committee, including the text of the Committee's mandate, please refer to the Company's Annual Information Form.

### ***Compensation Committee***

The purpose of the Compensation Committee is to assist the Board in monitoring, reviewing and approving Barrick's compensation policies and practices and administering Barrick's share compensation plans. The Committee reviews and makes recommendations to the Board with respect to the corporate goals and objectives relevant to the compensation of the Chief Executive Officer and evaluating the performance of the Chief Executive Officer in light of those goals and objectives, and recommends to the Board the compensation level of the Chief Executive Officer based on this evaluation. The Committee is also responsible for reviewing and making recommendations to the Board with respect to director and senior management compensation and succession planning for the Chief Executive Officer and other senior executives. When granting stock options, the Committee determines the number of shares covered by each grant and the terms and conditions of the option, subject to the specific provisions of the plan and the approval of the Board of Directors. The Committee reviews the remuneration of the directors from time to time to ensure that it properly reflects the responsibilities associated with being an effective director. The Committee holds regular *in camera* sessions, during which it meets in the absence of management. The mandate of the Committee grants it sole authority to retain and terminate legal or other advisors, including compensation consultants, including sole authority to approve the advisors' fees and other retention terms. The Committee's mandate also requires the Committee to evaluate the functioning of the Committee on an annual basis.

The Compensation Committee is comprised entirely of independent directors (A.A. MacNaughton, M.A. Cohen, P.A. Crossgrove, P.C. Godsoe and J.L. Rotman). There were six meetings of the Compensation Committee in 2005. All of the members of the Committee attended all of the meetings, with the exception of Mr. Godsoe, who was appointed to the Committee in April 2005 and who attended two of the three meetings held subsequent to his appointment.

### ***Environmental, Occupational Health and Safety Committee***

The purpose of the Environmental, Occupational Health and Safety Committee is to review environmental and occupational health and safety policies and programs, to oversee Barrick's environmental and occupational health and safety performance, to monitor current and future regulatory issues and to make recommendations, where appropriate, on significant matters in respect of environmental and occupational health and safety matters to the Board.

The Committee is comprised of two independent directors (M.A. Cohen and P.A. Crossgrove) and one non-independent director (C.W.D. Birchall). There were five meetings of the Environmental, Occupational Health and Safety Committee during 2005. All of the members of the Committee attended all of the meetings, with the exception of Mr. Birchall, who was appointed to the Committee in April 2005 and who attended all of the meetings held subsequent to his appointment.

### ***Finance Committee***

The purpose of the Finance Committee is to assist the Board in monitoring and reviewing the financial structure and investment and financial risk management programs of the Company generally and to make recommendations to the Board of Directors in respect of such matters as appropriate.

The Finance Committee is comprised of three non-independent directors (C.W.D. Birchall, A. Munk and G.C. Wilkins) and one independent director (A.A. MacNaughton). The fact that a majority of the members are not independent is balanced by the fact that the recommendations of the Committee are considered by the full Board of Directors. There were three meetings of the Finance Committee during 2005. All of the members of the Committee attended all of the meetings.

### ***Executive Committee***

The Executive Committee, during intervals between the meetings of the Board of Directors, may exercise all the powers of the Board (except those powers specifically reserved by law to the Board of Directors). The

Executive Committee was created to facilitate Barrick's activities from an administrative perspective, but does not supplant the full Board of Directors in the consideration of significant issues facing the Company.

The Executive Committee is comprised of three non-independent directors (P. Munk, B. Mulroney and G.C. Wilkins) and one independent director (A.A. MacNaughton). The Board of Directors believes that it is acceptable that a majority of this Committee is not independent. The nature of the Executive Committee's mandate requires its members to be available on very short notice to deal with significant issues. All actions approved by the Executive Committee are subsequently brought to the attention of the full Board of Directors. There were no meetings of the Executive Committee during 2005.

### **Corporate Governance Guidelines**

The Board of Directors has adopted a set of Corporate Governance Guidelines to promote the effective functioning of the Board and its Committees and to set forth a common set of expectations as to how the Board should manage its affairs and perform its responsibilities. Among other things, the Corporate Governance Guidelines establish: minimum attendance requirements for directors; minimum share ownership requirements for directors (currently set at Barrick Common Shares and/or Deferred Share Units having a value of at least \$200,000 to be achieved within a five-year period); and a mandatory retirement age for directors of 70 years (with directors serving on the Board as at January 1, 2003 being exempt). In addition to the mandatory retirement age, directors are required to tender their resignation for consideration by the Corporate Governance and Nominating Committee and the Board upon the occurrence of certain events such as a failure to meet minimum attendance requirements, a change in principal occupation or country of residence, or any other change in personal or professional circumstances that might reasonably be perceived as adversely affecting the director's ability to effectively serve as a director of Barrick. A copy of the Corporate Governance Guidelines is posted on Barrick's website at [www.barrick.com](http://www.barrick.com).

Barrick's Corporate Governance Guidelines require that directors make every effort to attend the annual meeting of shareholders. Eleven of thirteen directors attended the 2005 annual meeting. B. Mulroney and J.L. Rotman were not able to attend the meeting.

### **Code of Business Conduct and Ethics**

Barrick has adopted a Code of Business Conduct and Ethics that is applicable to all directors, officers and employees of Barrick. The Code addresses, among other things: conflicts of interest; compliance with laws and regulations; corporate opportunities; protection and proper use of Company assets; confidentiality; and fair dealing. In conjunction with the adoption of the Code, Barrick has established a toll-free compliance hotline to allow for anonymous reporting of any suspected Code violations, including concerns regarding accounting, internal accounting controls, or other auditing matters.

Any waivers of the Code of Business Conduct and Ethics may generally only be granted by the Chief Executive Officer or the General Counsel. However, any waiver of the Code for directors or executive officers, may only be granted by the Board of Directors or a Committee of the Board and will be disclosed to shareholders as required by applicable laws. No waivers of the Code have been granted.

The Code of Business Conduct and Ethics was developed in consultation with the Corporate Governance and Nominating Committee. The Audit Committee also exercises oversight with respect to the Code and receives periodic reports from management with respect to any reports of alleged violations of the Code. Supervisory and administrative employees are required to complete an annual certification confirming that they understand and agree to abide by the requirements of the Code, that they are in compliance with the requirements of the Code and that they are not aware of any potential misconduct under the Code that has not been reported to appropriate Company management.

A copy of the Code of Business Conduct and Ethics is posted on Barrick's website at [www.barrick.com](http://www.barrick.com).



## **Shareholder Communications**

Barrick has procedures in place to provide for effective communications with its shareholders. Barrick's management includes an investor relations department with individuals experienced in, and dedicated to, working closely with members of the investment community, institutional investors and individual shareholders, and the Company has procedures in place to obtain and appropriately deal with feedback from its shareholders. In addition, the Company has adopted a Disclosure Policy that confirms its commitment to providing timely, factual and accurate disclosure of material information about the Company to its shareholders, the financial community and the public.

Shareholders may communicate directly with the Lead Director or the Chairman of the Corporate Governance and Nominating Committee by sending correspondence, marked to the attention of the Lead Director or the Chairman of the Corporate Governance and Nominating Committee, care of the Secretary at the address of the Company set out at the beginning of this Circular.

## **International Advisory Board**

As Barrick's activities expanded internationally, the Board of Directors determined in 1995 that the Company would benefit from the participation of certain additional senior members of the global business and political communities. Barrick has established an International Advisory Board to provide advice as required to the Board of Directors and management on geo-political and other strategic issues affecting the Company. The International Advisory Board meets approximately once per year and its members make themselves available regularly for consultation and assistance with specific matters.

## **REPORT ON EXECUTIVE COMPENSATION**

### **Composition and Responsibility of Committee**

The Compensation Committee is responsible for, among other things, reviewing and making recommendations to the Board of Directors with respect to Barrick's compensation policies and practices, reviewing and making recommendations to the Board of Directors with respect to the compensation of the Chairman and of the Chief Executive Officer, reviewing and approving the compensation of all other senior executive officers, reviewing and making recommendations to the Board relating to succession planning with respect to the Chief Executive Officer and other senior executives and administering Barrick's stock option, restricted share unit and directors' deferred share unit plans. The Compensation Committee bases its recommendations on Barrick's established policies and on the performance of the individual and of the Company. The members of the Compensation Committee are A.A. MacNaughton, M.A. Cohen, P.A. Crossgrove, P.C. Godsoe and J.L. Rotman. With the exception of Mr. MacNaughton, none of the members of the Compensation Committee is or formerly was an officer or employee of Barrick or its subsidiaries. Until December 4, 2002, Mr. MacNaughton served as a non-executive Vice Chairman of Barrick, but he received no remuneration for acting in that position.

### **Compensation Philosophy and Objectives**

Barrick's principal goal is to create value for its shareholders. The Company believes that compensation programs for directors, officers and employees should reflect the interests of shareholders in advancing this goal.

Barrick's executive compensation philosophy is founded on four principal objectives: (1) aligning the interests of executive officers with the short-and long-term interests of shareholders; (2) linking executive compensation to the performance of the Company and the individual; (3) leveraging performance through emphasis on variable compensation; and (4) compensating executive officers at a level and in a manner that ensures that Barrick is capable of attracting, motivating and retaining individuals with exceptional executive skills.

The compensation of executive officers is comprised of three principal components — annual salary, annual performance bonuses and long-term incentives in the form of stock options and restricted share units. In addition, Barrick sponsors a retirement plan for officers of the Company. (See “Other Executive Compensation Arrangements” on page 28.)

The Compensation Committee considers the Company’s record of performance in all of its compensation reviews. In determining an executive’s compensation, the Committee gives equal weight to the performance of the Company and the individual. Executive performance is assessed against predetermined financial, operational and strategic objectives, with final cash compensation and long-term incentive awards based on the individual’s contribution to annual business results and influence on strategy development and execution.

Under the Executive Compensation Plan, compensation for senior executives is established with reference to the disclosed compensation practices of companies in Barrick’s peer comparison group which is comprised of industry-leading, global mining companies, with 60% of the comparators based within North America. Under the plan, annual salaries, annual performance bonuses and long-term incentives are established with reference to the median percentile compensation level of the Company’s peer comparison group. Executives may earn total direct compensation in the top quartile of the peer comparison group if both corporate and individual results reflect exceptional performance.

#### **Advisors to the Committee**

The Committee engaged Mercer Human Resource Consulting to conduct a year-end compensation review, including confirmation of Barrick’s executive compensation policy on matters such as comparators and positions. Mercer completed a competitive market pay and performance analysis and assisted the Committee in interpreting the results of their report.

#### **Components of Executive Compensation**

As noted above, the Company’s Executive Compensation Plan has three components: annual salary, annual performance bonuses, and long-term equity based compensation.

##### ***Annual Salaries and Performance Bonuses***

Annual salaries and performance bonuses for the Company’s executive officers are targeted at the median cash compensation levels of executives in Barrick’s peer comparison group.

To ensure Barrick continues to attract and retain qualified and experienced executives, the Committee reviews and adjusts salaries periodically. Annual performance bonuses for executive officers are determined based on the Company’s performance and success in achieving its goals during the year, together with the performance of each executive relative to key individual performance objectives. The performance criteria considered in determining performance bonus awards vary in accordance with the position and responsibilities of the executive being evaluated. The significant considerations in determining performance bonuses for executive officers include operating, financial, corporate development, share price performance and organizational indicators, as well as individual achievements that demonstrate a contribution to corporate growth. A summary of the Company’s 2005 performance highlights considered by the Compensation Committee is provided under “— Review of 2005 Performance”.

##### ***Long-term Incentives***

Barrick grants long-term incentives to its executive officers in the form of stock options and restricted share units.

The purpose of the Company’s stock option plan is to: (1) ensure that an incentive exists to maximize shareholder value by tying executive compensation to share price performance; and (2) reward those executives making a long-term commitment to the Company. Stock options are directly linked to increases in the wealth of shareholders and the individual’s contribution to that central goal. Barrick believes that stock options play an

important role in building shareholder value. Options to purchase Barrick Common Shares are granted by the Compensation Committee at not less than the closing price of the Barrick Common Shares on the business day immediately prior to the date of grant.

The Committee takes into account each executive's stock option and restricted share unit position, peer comparison group benchmark and individual performance when determining whether and how many new stock option grants will be made to an executive officer.

According to the provisions of the Amended and Restated Stock Option Plan (the "Amended and Restated Plan"), the Compensation Committee determines the number of shares to be optioned, the option price, the extent to which each option is exercisable from time to time during the term of the option, and any other provisions with respect to such option. If the Compensation Committee fails to make a determination with respect to any of these matters, the option is exercisable within five years from the date of grant with not more than one-fifth of the shares covered by the option available for vesting during any one of such years. The Committee's practice under the Amended and Restated Plan has been to grant options having a term of ten years, vesting over a period of four years. No options have been granted under the Amended and Restated Plan since July 2004.

In 2004, shareholder and regulatory approval was obtained to implement Barrick's Stock Option Plan (2004) (the "2004 Plan"). In general, the 2004 Plan contains additional and more restrictive provisions than the Amended and Restated Plan. Under the 2004 Plan, the Compensation Committee determines the number of shares to be optioned, the option price, the extent to which each option is exercisable from time to time during the term of the option, and any other provisions with respect to such option. Options granted under the 2004 Plan expire not later than seven years after the date of grant. If the Compensation Committee fails to make a determination with respect to any of these matters, the option is exercisable within four years from the date of grant with not more than one-fourth of the shares covered by the option available to be taken up during any one of such years. Repricing of options is expressly prohibited under the 2004 Plan.

The 2004 Plan provides that the Compensation Committee, subject to the approval of the Board of Directors, may determine performance measures to be met as a pre-condition to the granting or vesting of an option. These performance measures can be either for the Company as a whole or the individual. Under the 2004 Plan, the Compensation Committee may consider one or more of the following performance measures: net income, cash flow, net asset value, production performance, production growth and reserve growth. Individual performance measures that the Compensation Committee may implement may vary based on an executive's ability to affect business results.

In approving option grants for 2005, the Compensation Committee considered individual performance and Company performance, including share price performance, operating and financial performance, corporate development and reserves and organizational development, a summary of which is provided under "— Review of 2005 Performance".

Options granted by the Compensation Committee under the Amended and Restated Plan and the 2004 Plan are subject to approval by the Board of Directors. Options are not transferable. See "Equity Compensation Plan Information" on page 29 for a discussion of the Company's stock option plans.

In 2001, Barrick implemented a restricted share unit ("RSU") plan. In lieu of granting actual shares, a specific number of units that each have a value equal to one Barrick Common Share are granted. RSUs vest and will be paid out in cash on the third anniversary of the date of grant, with each RSU having a value equal to the then current market price of one Barrick Common Share. Additional RSUs are credited to reflect dividends paid on Barrick Common Shares. Similar to stock options, RSUs reflect a philosophy of aligning the interests of executives with those of the shareholders by tying executive compensation to share price performance. In addition, RSUs are intended to assist in the retention of qualified and experienced executives by rewarding those individuals making a long-term commitment to Barrick. It was recognized that the incentive and retention value of stock options may be limited in circumstances where, notwithstanding strong corporate and individual

performance, the share price performance may be negatively impacted by external factors, such as a prolonged weakness in the gold price. Unlike stock options, RSUs continue to provide an incentive for executives to remain with Barrick during such periods, while continuing to tie compensation to share price performance, since the value of the RSUs increases or decreases with the share price. RSUs are granted by the Compensation Committee in order to reward efforts during the year of grant and to provide an additional incentive for continued efforts to promote the growth and success of Barrick's business. RSUs may be granted in conjunction with, or in lieu of, stock options.

The Compensation Committee used Company and individual performance criteria with reference to the peer comparison group long-term incentive benchmarks to determine the appropriate financial value of the long-term incentive to award to each executive. In granting equity awards to executives, the Committee determines a dollar value award for each executive and then uses an option valuation methodology for valuing each element of long-term compensation in order to determine the number of stock options and RSUs awarded. In the case of stock options, the dollar amount is translated into a number of options based on a combination of the closing price of the Barrick Common Shares on the day immediately before the grant date and the option valuation methodology associated with Barrick stock options as of that date. In the case of RSUs, the actual number of RSUs is translated from the dollar amount of the award based on the closing price of the Barrick Common Shares on the day immediately before the grant date.

In 2005, the Company extended participation in the RSU plan from senior executives to also include key technical and managerial personnel. The Company granted 349,589 RSUs in 2005, of which an aggregate of 183,644 RSUs were granted to seven senior executives and 165,945 RSUs were granted to other key employees.

### ***Share Ownership Expectation***

The Board of Directors has a share ownership expectation for senior executives. By 2008, all Named Executive Officers are required to own a designated number of Barrick Common Shares related to their position with the Company. Executives may designate unvested RSUs such that they will count towards this total until vesting. RSUs vest on the third anniversary of the date of grant and are paid out in cash shortly after vesting. The Chief Executive Officer is required to hold three times his 2003 pre-tax salary in Barrick Common Shares. The Chief Operating Officer and other senior executives are required to hold two times and one times their 2003 pre-tax salary, respectively. For executives appointed after 2003, the salary upon executive appointment is the basis for the share ownership expectation. As of December 31, 2005, each of the Chief Executive Officer and the other Named Executive Officers met the share ownership expectation.

### ***Benefits***

Benefits provided to senior executives are designed to be competitive with industry practice and include health and life insurance, pension and certain perquisites such as automobile benefits.

### **Review of 2005 Performance**

2005 was a successful year for Barrick and its shareholders. Highlights for 2005 based on Company performance are summarized below:

During 2005, Barrick produced 5.46 million ounces of gold at an average total cash cost per ounce of \$227. Despite a continuing environment of rising commodity prices and labor costs and increased royalty and mining tax payments driven by higher spot gold prices, Barrick was in line with its original gold production and total cash cost guidance, making it the lowest cash cost producer among the senior gold producers.

Barrick's currency and commodity hedge programs enabled it to mitigate the impact of these circumstances on total cash costs per ounce and operating cash flow.

Barrick had net income of \$401 million (\$0.75 per share) and operating cash flow of \$726 million (\$1.35 per share) in 2005 compared with net income of \$248 million (\$0.46 per share) and operating cash flow of \$506 million (\$0.95 per share) in 2004. Barrick's U.S. dollar share price appreciated 13% on a total return basis

from January 1, 2005 to October 28, 2005, the trading day preceding Barrick's announcement of its offer to acquire Placer Dome Inc., and outperformed senior gold producers Newmont Mining Corporation, Placer Dome Inc., Anglogold Ashanti Limited and Goldfields Limited during such period.

In 2005, Barrick advanced its vision to be the world's best gold company and to solidify a portfolio of long-term projects through its offer to acquire Placer Dome and a year of building new mines and advancing projects. Barrick completed the construction of the Tulawaka mine in Tanzania, the Lagunas Norte mine in the Alto Chicama district in Peru and the Veladero mine in Argentina in 2005. The Tulawaka, Lagunas Norte and Veladero mines poured their first gold in March, June and September 2005, respectively. The Cowal mine in Australia is on track to pour its first gold in the first quarter of 2006. During 2005, Barrick received all material permits for its East Archimedes Project in Nevada which allowed it to commence pre-stripping activities. At the Pascua-Lama Project, which straddles the Chilean and Argentine border, Barrick has filed its environmental impact assessments with regulators, and targets the start of construction in late 2006. Finally, in December 2005, Barrick commenced production at its Nevada power plant which will generate electricity for its Goldstrike mine and is expected to mitigate the risk of rising electricity prices.

On December 22, 2005, Barrick and Placer Dome reached agreement on a friendly transaction valued at approximately \$10.1 billion on a fully diluted basis and entered into a definitive support agreement. Barrick acquired 100% of the outstanding common shares of Placer Dome on March 15, 2006. Barrick estimates annual pre-tax operating and corporate synergies of approximately \$200 million and expects to realize these synergies beginning in 2007. The strategic fit of Placer Dome's mines within Barrick's existing business structure is expected to give the combined company extensive positions in some of the most prospective gold districts. The transaction is expected to be accretive to Barrick shareholders on a reserve, resource and production per share basis. Strategically, the combined enterprise is expected to have the scope, scale, people and financial strength to be able to capitalize in an expeditious manner on opportunities that arise in the industry from time to time.

At year-end, Barrick had proven and probable reserves of 88,591 million ounces of gold based on a \$400 gold price, after producing 5,460 million ounces, compared to proven and probable reserves of 89,056 million ounces based on a \$375 gold price in 2004. <sup>(1)</sup> Exploration projects at operating and non-operating sites contributed to reserve increases in 2005.

During 2005, Barrick implemented a number of initiatives to strengthen its organization, including making changes to Board of Directors composition and practices as part of continued corporate governance enhancements; a global talent review and succession plan for key management positions; and the establishment of a consolidated South America business unit and a Russia and Central Asia business unit.

### **Compensation of the Chief Executive Officer**

The components of total compensation for the Chief Executive Officer are the same as those which apply to other senior executive officers of Barrick, namely, annual salary and performance bonus and long-term incentives.

Consistent with the Company's philosophy of targeting salaries and performance bonuses for the Company's executive officers at median levels of executives in Barrick's peer comparison group, Mr. Wilkins' annual salary is intended to reflect annual salaries paid to the chief executive officers in the peer comparison group identified under "— Compensation Philosophy and Objectives".

During 2005, Mr. Wilkins was paid a salary of \$1,072,961. In determining his compensation, the Committee gave equal weight to Company and individual performance. In December 2005, the Committee reviewed Mr. Wilkins' performance, taking into consideration his leadership role in strategy implementation,

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(1) Reserves are calculated in accordance with National Instrument 43-101 as required by Canadian securities regulatory authorities and, for U.S. reporting purposes, Industry Guide 7 (under the Securities and Exchange Act of 1934) as interpreted by Staff of the SEC. For a breakdown of reserves by category and additional information on reserves, see the tables and related footnotes on pages 125 to 129 in the Company's 2005 Annual Report.

share price performance, operating and financial performance, project development and organizational development of the Company, a summary of which is provided under “— Review of 2005 Performance” above. This assessment resulted in the Committee awarding Mr. Wilkins a performance bonus of \$1,500,000 in recognition of the Company’s results and his performance during 2005. Mr. Wilkins’ annual salary was increased to \$1,150,000 effective January 1, 2006. In addition, on December 15, 2005, Mr. Wilkins was awarded 75,000 stock options and 48,435 restricted share units. The stock options were granted at an exercise price of \$26.84, the closing price on the Toronto Stock Exchange on the date immediately preceding the date of grant, converted to United States dollars using the Bank of Canada noon rate on that date. In assessing the appropriate award level for Mr. Wilkins, the Committee considered the objectives of the Company’s long-term incentive plans.

The foregoing report is submitted by the Compensation Committee of the Board of Directors:

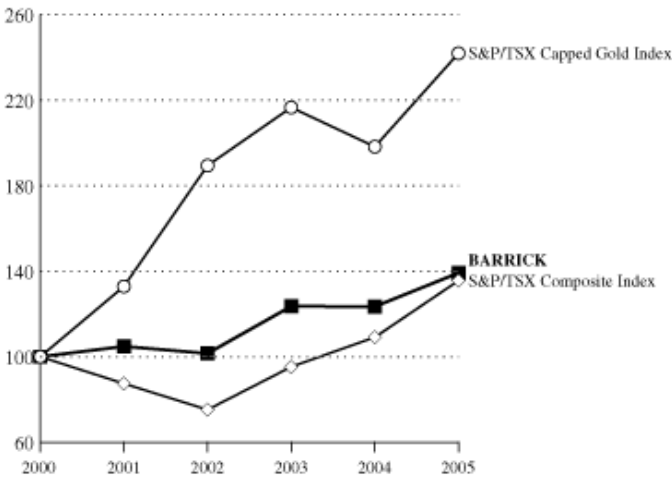
Angus A. MacNaughton (Chairman)  
Marshall A. Cohen  
Peter A. Crossgrove  
Peter C. Godsoe  
Joseph L. Rotman

PERFORMANCE GRAPH

The following graph compares the total cumulative shareholder return for Cdn\$100 invested in Barrick Common Shares on December 31, 2000 with the cumulative total return of the S&P/ TSX Capped Gold Index and the S&P/ TSX Composite Index for the five most recently completed financial years.

The total cumulative shareholder return for Cdn\$100 invested in Barrick was Cdn\$139.22 as compared with Cdn\$241.96 for the S&P/ TSX Capped Gold Index and Cdn\$135.60 for the S&P/ TSX Composite Index.

Cumulative Value of CDN \$100 Investment <sup>(1)</sup>



(1) Dividends paid on Barrick Common Shares are assumed to be reinvested at the closing share price on the dividend payment date. The two TSX indices are total return indices, and they include dividends reinvested.

## COMPENSATION OF NAMED EXECUTIVE OFFICERS

The table below provides compensation information for the three financial years ended December 31, 2005 for the Chief Executive Officer and Chief Financial Officer and the three other most highly compensated executive officers of Barrick (collectively referred to as the “Named Executive Officers”) measured by base salary and cash bonus during the financial year ended December 31, 2005. Compensation, which is paid in Canadian dollars, is reported in U.S. dollars. For the purpose of presentation of cash-based compensation, the rate of exchange used to convert Canadian dollars to U.S. dollars is the annual average exchange rate reported by the Bank of Canada for the relevant year, except for the bonus paid to the Named Executive Officers in 2005 which was approved by the Compensation Committee in U.S. dollars and for which the U.S. dollar amounts approved by the Compensation Committee are reported. The annual average rates reported by the Bank of Canada are: 2005 — 1.2116, 2004 — 1.3015, and 2003 — 1.4015. For the purpose of presenting the value of current year awards of restricted share units, the rate of exchange used to convert Canadian dollars to U.S. dollars is the Bank of Canada noon rate on the applicable grant date.

### Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			
		Salary	Bonus	Other Annual Compensation <sup>(1)</sup>	Securities under Options Granted	Current Year Awards Restricted Share Units <sup>(2)</sup>	LTI <sup>2</sup> Payouts <sup>(3)</sup>	All Other Compensation <sup>(4)</sup>
Gregory C. Wilkins <sup>(5)</sup> President and Chief Executive Officer	2005	\$1,072,961	\$1,500,000	\$ Nil	75,000	\$1,302,417	\$ Nil	\$429,891
	2004	922,013	998,847	Nil	375,000	1,029,944	Nil	304,486
	2003	686,764	879,058	Nil	1,000,000	Nil	Nil	236,732
Peter J. Kinver <sup>(6)</sup> Executive Vice President and Chief Operating Officer	2005	590,129	750,000	47,391	50,000	801,483	Nil	218,067
	2004	499,424	549,366	Nil	150,000	411,978	Nil	161,131
	2003	113,365	48,519	Nil	310,000	74,514	Nil	121,535
Patrick J. Garver Executive Vice President and General Counsel	2005	569,495	639,000	Nil	50,000	642,187	Nil	223,662
	2004	499,424	499,424	Nil	131,250	360,480	926,687	179,548
	2003	392,437	441,670	Nil	66,000	429,091	Nil	150,939
Alexander J. Davidson Executive Vice President, Exploration and Corporate Development	2005	536,893	611,000	Nil	200,000	610,134	Nil	207,312
	2004	449,481	364,964	38,611	112,500	308,963	695,021	146,747
	2003	321,085	246,878	Nil	154,000	414,788	Nil	106,650
Jamie C. Sokalsky Executive Vice President and Chief Financial Officer	2005	513,371	576,000	Nil	50,000	578,081	Nil	199,269
	2004	449,481	364,964	Nil	212,500	308,963	926,687	147,453
	2003	392,437	441,670	Nil	50,000	372,547	Nil	125,943

- (1) Perquisites and other personal benefits do not exceed the lesser of Cdn\$50,000 and 10% of the total annual salary and bonus for the Named Executive Officers, except for Mr. Kinver in 2005 and Mr. Davidson in 2004. The perquisites and other personal benefits exceeding 25% of the total perquisites and other personal benefits for each of these officers in the relevant years were as follows: P.J. Kinver — \$19,387 for car lease, \$13,869 for executive long-term disability plan premium and \$12,036 for financial counseling, and A.J. Davidson — \$12,730 for car lease, \$11,889 for financial counseling, and \$10,956 for executive long-term disability plan premium.
- (2) Amounts shown represent restricted share units (“RSUs”), valued as of the grant date. As at December 31, 2005, the aggregate number and value of RSUs held by the Named Executive Officers were as follows: G.C. Wilkins — \$2,573,529, consisting of 92,573 RSUs; P.J. Kinver — \$1,415,937, consisting of 50,933 RSUs; P.J. Garver — \$1,730,383, consisting of 62,244 RSUs; A.J. Davidson — \$1,520,048, consisting of 54,678 RSUs; and J.C. Sokalsky — \$1,448,324, consisting of 52,098 RSUs. The value of RSUs held as of December 31, 2005 is based on the closing price on the Toronto Stock Exchange of the Barrick Common Shares as at December 31, 2005, which was Cdn.\$32.41, converted to U.S. \$27.80 using the Bank of Canada noon rate on that day. RSUs vest and become payable on the third anniversary of the date of grant. Additional RSUs are credited to reflect dividends paid on Barrick Common Shares.
- (3) The amounts for 2004 for Messrs. Garver, Davidson and Sokalsky are payouts of RSUs that were granted to these officers in 2002.

- (4) Amounts include amounts accrued pursuant to the Officer Retirement Plan (see “Other Executive Compensation Arrangements” on page 28) and the dollar value of dividend equivalents credited in respect of RSUs during 2005. The amount for 2003 for Mr. Kinver includes a special payment of \$100,000 upon his commencement of employment with the Company.
- (5) Mr. Wilkins was appointed President and Chief Executive Officer on February 12, 2003.
- (6) Mr. Kinver was appointed as an officer of Barrick on September 9, 2003.

The following table provides information on restricted share units granted in 2005 to the Named Executive Officers.

**Long-Term Incentive Awards During Financial Year Ended December 31, 2005 <sup>(1)</sup>**

Name	Number of Restricted Share Units	Maturity or Payout Date
Gregory C. Wilkins	48,435	December 15, 2008
Peter J. Kinver	29,806	December 15, 2008
Patrick J. Garver	23,882	December 15, 2008
Alexander J. Davidson	22,690	December 15, 2008
Jamie C. Sokalsky	21,498	December 15, 2008

- (1) Each restricted share unit (“RSU”) has a value equal to one Barrick Common Share. RSUs vest and will be paid out in cash on the third anniversary of the date of grant, with each RSU having a value equal to the then current market price of one Barrick Common Share. Additional RSUs are credited to reflect dividends paid on Barrick Common Shares.

**OPTIONS OF NAMED EXECUTIVE OFFICERS**

The following table provides information on the stock options granted in 2005 to the Named Executive Officers.

**Option Grants During Financial Year Ended December 31, 2005 <sup>(1)</sup>**

Name	Common Shares under Options Granted	% of Total Options Granted to Employees in 2004	Exercise or Base Price (\$/Share)	Market Value of Common Shares Underlying Options on the Date of Grant (\$/Share)	Expiration Date
Gregory C. Wilkins	75,000	3.6%	\$26.84	\$26.89	December 14, 2012
Peter J. Kinver	50,000	2.4%	26.84	26.89	December 14, 2012
Patrick J. Garver	50,000	2.4%	26.84	26.89	December 14, 2012
Alexander J. Davidson	150,000	7.2%	22.59	21.83	April 26, 2012
	50,000	2.4%	26.84	26.89	December 14, 2012
Jamie C. Sokalsky	50,000	2.4%	26.84	26.89	December 14, 2012

- (1) The options to Messrs. Wilkins, Kinver, Garver and Sokalsky were granted on December 15, 2005. Mr. Davidson was granted 150,000 options on April 27, 2005 and 50,000 options on December 15, 2005. All option grants were made under the Stock Option Plan (2004). Options vest and become exercisable as to 25% on each of the first, second, third and fourth anniversaries of the date of grant. Options were granted at an exercise price equal to the closing price on the Toronto Stock Exchange on the date immediately preceding the date of grant, converted to U.S. dollars using the Bank of Canada noon rate on that day. Each option expires seven years after the date of its grant. The market value of the common shares underlying options on the date of grant is based on the closing price on the Toronto Stock Exchange on the date of grant, converted to U.S. dollars using the Bank of Canada noon rate on that day.



### Aggregate Option Exercises During Financial Year Ended December 31, 2005 and Year-End Option Values

The following table provides information on the exercise of options and the aggregate number of options held by each Named Executive Officer as of December 31, 2005.

Name	Common Shares Acquired on Exercise	Aggregate Value Realized <sup>(1)</sup>	Unexercised Options at December 31, 2005		Value of Unexercised In-the-Money Options at December 31, 2005 <sup>(2)</sup>	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Gregory C. Wilkins	—	\$ —	693,750	856,250	\$3,542,939	\$3,605,011
Peter J. Kinver	—	—	192,500	317,500	656,090	1,004,090
Patrick J. Garver	127,500	784,056	253,313	218,937	761,435	796,607
Alexander J. Davidson	100,000	688,309	350,125	411,375	1,419,276	1,382,180
Jamie C. Sokalsky	150,000	1,104,848	400,625	271,875	1,521,746	1,021,078

(1) Converted from Canadian dollars to U.S. dollars using the Bank of Canada noon rate on December 31, 2005.

(2) The value of unexercised options is based on the closing price on the Toronto Stock Exchange of the Barrick Common Shares as at December 31, 2005, which was Cdn\$32.41, converted to US\$27.80 using the Bank of Canada noon rate on that day.

### COMPENSATION OF DIRECTORS

The Compensation Committee reviews Barrick's director compensation arrangements to ensure that they are competitive in light of the time commitments required from directors and align directors' interests with those of shareholders. Directors who are not officers of Barrick or any of its subsidiaries are compensated for their services as directors through a combination of fees. Directors are also reimbursed for out-of-pocket expenses incurred in attending meetings and otherwise carrying out their duties as directors of Barrick.

#### Remuneration

Director retainer	\$75,000 per year
Audit Committee chair retainer	\$15,000 per year
Other Committee chair retainer	\$10,000 per year
Board meeting attendance fee	\$1,000 per meeting
Committee meeting attendance fee	\$1,000 per meeting

Pursuant to Barrick's Directors' Deferred Share Unit Plan, directors are required to receive 50% of the basic annual retainer in the form of Deferred Share Units ("DSUs"), with the option to elect to receive 100% of such retainer in the form of DSUs. DSUs are a bookkeeping entry, with each DSU having the same value as a Barrick Common Share. DSUs must be retained until the director leaves the Board, at which time the cash value of the DSUs will be paid out. Additional DSUs are credited to reflect dividends paid on Barrick Common Shares. The non-management directors of Barrick have not received any options to acquire Barrick Common Shares since May 2003. Some non-management directors standing for election at the meeting, who served on the Board of Directors prior to May 2003, were previously awarded options, which are noted in the table under the heading Nominees for Election as Directors. Options do not count toward the directors' share ownership requirement outlined below.

#### Share Ownership Requirement

Barrick has minimum share ownership requirements for directors, pursuant to which directors are required to own Barrick Common Shares or DSUs having a value of at least \$200,000, to be achieved by 2008 or within a period of five years from the date the individual became a director, whichever is earlier. For Gregory C. Wilkins,

see the specifics that apply to him as President and Chief Executive Officer under “Report on Executive Compensation — Share Ownership Expectation”.

### **Other Compensation Arrangements**

Mr. Mulroney is also employed as Chairman of Barrick’s International Advisory Board. Mr. Mulroney acts as an ambassador and business and policy advisor for Barrick, advancing Barrick’s interests in various areas, including North America, South America, Africa, Asia and the former Soviet Union. In his capacity as Chairman of the International Advisory Board, Mr. Mulroney receives an annual salary, bonus and other compensation. Mr. Mulroney is also a partner of Ogilvy Renault, Montréal, Québec, a law firm which from time to time provides legal services to Barrick.

### **OTHER EXECUTIVE COMPENSATION ARRANGEMENTS**

Prior to 2000, none of the Named Executive Officers, executive officers or other officers of Barrick was covered by a pension plan. During 2000, Barrick put in place a retirement plan for officers (the “Officer Retirement Plan”). The Officer Retirement Plan covers all officers except Mr. Peter Munk, the Chairman, and Mr. Birchall, the Vice-Chairman. Pursuant to the Officer Retirement Plan, an amount equal to 15% of the officer’s salary and bonus for the year is accrued and accumulated with interest until retirement. No benefits are payable if the officer is terminated for cause.

In March 2004, Barrick entered into change in control agreements with each of Mr. Alexander J. Davidson, Executive Vice President, Exploration and Corporate Development; Mr. Patrick J. Garver, Executive Vice President and General Counsel; Mr. Peter J. Kinver, Executive Vice President and Chief Operating Officer; and Mr. Jamie C. Sokalsky, Executive Vice President and Chief Financial Officer (each, a “Covered Executive”), in order to induce them to remain employed by the Company in the event of a change in control (as defined in the agreements). In the event of a change in control, Barrick has agreed with each of such Covered Executives that if their employment is terminated by the Company at any time within one year following the change in control (other than for cause, disability or retirement) or the Covered Executive terminates his employment for good reason (as defined in the agreements) at any time within one year following the change in control, such individual will be entitled to receive, among other things, three times his annual salary and bonus. In addition, all of the Covered Executive’s unexercised stock options will immediately vest and become exercisable and will remain exercisable for the lesser of three years or their remaining term to expiry.

In March 2004, Barrick also entered into a change in control agreement with Mr. Gregory C. Wilkins, President and Chief Executive Officer. In the event of a change in control (as defined in the agreement), Barrick has agreed with Mr. Wilkins that if Mr. Wilkins’ employment is terminated by the Company (other than for cause, disability or retirement) or Mr. Wilkins terminates his employment with or without good reason (as defined in the agreement) at any time within one year following the change in control, he will be entitled to receive, among other things, three times his annual salary and bonus. In addition, all of Mr. Wilkins’ unexercised stock options will immediately vest and become exercisable and will remain exercisable for the lesser of three years or their remaining term to expiry. Mr. Wilkins’ change in control agreement also provides that in the event Mr. Wilkins gives notice, within one year following a change in control, that he intends to terminate his employment with the Company other than for good reason, he will agree to remain as President and Chief Executive Officer for a period of up to six months beyond his intended resignation date if so requested by the Board of Directors.

In addition, certain other officers and certain members of management of the Company are participants in a Change of Control Severance Plan, which provides for severance benefits, including severance payments calculated with reference to various factors such as seniority and length of service with the Company in the event of a termination of employment following a change in control (as defined in the plan).

## EQUITY COMPENSATION PLAN INFORMATION

The following table provides information on the Company's equity compensation plans as of December 31, 2005.

Equity Compensation Plans Approved by Shareholders <sup>(1)</sup>	Number of Shares to be Issued Upon Exercise of Outstanding Options as at December 31, 2005	Weighted Average Exercise Price of Outstanding Options as at December 31, 2005	Number of Shares Remaining Available for Future Issuance Under Equity Compensation Plans as at December 31, 2005 (Excluding Shares Reflected in Column 2)
Amended and Restated Stock Option Plan	14,657,075	\$24.53	2,493,421
Stock Option Plan (2004)	6,604,129	\$24.28	9,362,536

- (1) In addition, Barrick inherited the stock option plans of Sutton Resources Ltd. and Homestake Mining Company in connection with its acquisitions of those companies. As of December 31, 2005, 302,048 Barrick Common Shares were issuable upon the exercise of outstanding options under the Homestake Mining Company Stock Option Plan, with a weighted average exercise price of \$17.29. As of December 31, 2005, 17,260 Barrick Common Shares were issuable upon the exercise of outstanding options under the Sutton Resources Ltd. Stock Option Plan, with a weighted average exercise price of \$17.50. Excluding Barrick Common Shares to be issued upon exercise of outstanding options, no Barrick Common Shares remain available for future issuance under the Homestake Mining Company or Sutton Resources Ltd. stock option plans.

### Stock Option Plans

In 1996, shareholder and regulatory approval was obtained to implement Barrick's Amended and Restated Stock Option Plan (the "Amended and Restated Plan"). Barrick's shareholders authorized the issuance of up to 35,000,000 Barrick Common Shares under the Amended and Restated Plan. As of December 31, 2005, 11,182,738 Barrick Common Shares had been issued pursuant to options granted under the Amended and Restated Plan, representing 2.1% of the Company's outstanding capital as of that date. As of December 31, 2005, there were options outstanding to purchase an aggregate of 14,657,075 Barrick Common Shares under the Amended and Restated Plan, representing 2.7% of the Company's outstanding capital as of that date, taking into account options that have been exercised, forfeited or cancelled. Therefore, the total number of Barrick Common Shares issued and issuable under the Amended and Restated Plan as of December 31, 2005 totaled 25,839,813 Barrick Common Shares, representing 4.8% of the Company's then outstanding capital. As of December 31, 2005, 2,493,421 stock options remained available for grant under the Amended and Restated Plan.

In 2004, shareholder and regulatory approval was obtained to implement Barrick's Stock Option Plan (2004) (the "2004 Plan"). Barrick's Shareholders authorized the issuance of up to 16,000,000 Barrick Common Shares under the 2004 Plan. As of December 31, 2005, 33,335 Barrick Common Shares had been issued pursuant to options granted under the 2004 Plan. As of December 31, 2005, there were options outstanding to purchase an aggregate of 6,604,129 Barrick Common Shares under the 2004 Plan, representing 1.2% of the Company's outstanding capital as of that date, taking into account that options have been exercised, forfeited or cancelled. Therefore, the total number of Barrick Common Shares issued and issuable under the 2004 Plan as of December 31, 2005 totaled 6,637,464 Barrick Common Shares, representing 1.2% of the Company's then outstanding capital. As of December 31, 2005, 9,362,536 stock options remained available for grant under the 2004 Plan, representing approximately 1.7% of the Company's then outstanding capital.

The purpose of the Amended and Restated Plan and the 2004 Plan (collectively, the "Stock Option Plans") is to provide key employees of the Company and its subsidiaries and consultants compensation opportunities that will encourage share ownership and enhance the Company's ability to attract, retain and motivate key personnel and reward significant performance achievements. The Company's directors were eligible to receive options

under the Amended and Restated Plan. The Company has not granted stock options to non-management directors since May 2003. Non-management directors are not eligible to participate in the 2004 Plan.

Under each of the Stock Option Plans, the total number of Barrick Common Shares to be optioned to any optionee together with any Barrick Common Shares reserved for issuance to such optionee and his or her associates under options or other share compensation arrangements may not exceed 1% of the number of Barrick Common Shares outstanding at the date of the grant of the option.

A Committee of the Board of Directors administers the Stock Option Plans. All grants of options by the Committee under the Stock Option Plans are subject to the approval of the Board of Directors, and no option has any force or effect until such approval is obtained. The exercise price of each option granted under the Stock Option Plans is determined by the Committee. The exercise price of each option granted may not be less than the closing price of a Barrick Common Share on the Toronto Stock Exchange on the last trading day before the day the option is granted. Repricing of options is expressly prohibited under the 2004 Plan.

Options granted under the Plans are not assignable, except that in the event of an optionee's death, options may be exercised in accordance with their terms by appropriate legal representatives. Options may be exercised only for so long as the optionee remains an employee, subject to certain exceptions, including death or termination of employment other than for cause, and in the case of the 2004 Plan, retirement. If, before the expiry of an option in accordance with its terms, the employment of the optionee terminates for any reason other than termination by the Company for cause but including termination by reason of the death of the optionee, then the option may be exercised within three months, in the case of options granted under the Amended and Restated Plan, or within six months, in the case of options granted under the 2004 Plan, of the date of termination of employment or death of the optionee, but only to the extent that the optionee was entitled to exercise such options at the date of the termination of employment or death of the optionee. However, under the Amended and Restated Plan, in the case of the optionee's death, the Committee may in its discretion extend the time in which the optionee's legal representative can exercise an option to a date that does not exceed the original expiration date of the option. In the case of the 2004 Plan, the Committee may in some of these cases accelerate the vesting of any unvested options or extend the time in which the optionee, or in the case of the optionee's death, the optionee's legal representative, can exercise an option to a date that does not exceed the earlier of the original expiration date of the option or three years from the termination of employment or death of the optionee, as the case may be.

Options granted under the Amended and Restated Plan expire not later than ten years after the date of grant, and options granted under the 2004 Plan expire not later than seven years after the date of grant. Generally, options do not vest immediately. The Committee's practice under the Amended and Restated Plan has been to grant options having a term of ten years, vesting over a period of four years, and the Committee's practice under the 2004 Plan has been to grant options having a term of seven years, vesting over a period of four years. The Stock Option Plans contain standard provisions permitting accelerated vesting for executive officers and other members of management who are party to a change in control agreement with the Company in the event of a change in control of Barrick.

The 2004 Plan provides that the Committee, subject to the approval of the Board of Directors, may determine performance measures to be met as a pre-condition to the granting or vesting of an option. These performance measures can be either for the Company as a whole or the individual. The Committee may consider one or more of the following performance measures: net income, cash flow, net asset value, production performance, production growth and reserve growth. Individual performance measures that the Committee may implement under the 2004 Plan will vary according to the individual's ability to affect business results.

The Board of Directors may at any time terminate the Stock Option Plans and may amend them in such respects as the Board of Directors deems appropriate, subject to required regulatory or shareholder approval where required, provided that, in the case of the Amended and Restated Plan, any amendment or termination may not alter or impair in any materially adverse fashion any option previously granted to an optionee under the

Amended and Restated Plan without the consent of the optionee, and in the case of the 2004 Plan, any amendment or termination may not decrease the entitlements of an optionee that have accrued prior to the date of such amendment or termination, and the 2004 Plan may not be amended to permit repricing of outstanding options without shareholder approval.

## INDEBTEDNESS OF DIRECTORS AND OFFICERS

During 2005, one senior officer had a loan outstanding from the Company (other than “routine indebtedness” under applicable Canadian securities and corporate laws).

Name and Principal Position	Involvement of Issuer or Subsidiary	Largest Amount Outstanding during 2005 <sup>(2)</sup>	Amount Outstanding as at March 1, 2006 <sup>(2)</sup>
Brad L. Doores <sup>(1)</sup> Vice President and Assistant General Counsel (Cedar Valley, Ontario)	Corporation Loan	\$295,439	\$74,310

(1) The loan to Mr. Doores was made on October 19, 1995 in connection with the purchase of his residence. The loan is secured against the residence, bears interest at a rate of 5.78% per annum, and is denominated in Canadian dollars.

(2) The rate of exchange used to convert to United States dollars is the Bank of Canada noon rate on the applicable date.

As at March 1, 2006, the aggregate amount of indebtedness owed to the Company or its subsidiaries by all present and former directors, officers and employees of Barrick and its subsidiaries for purposes other than in connection with purchase of securities (other than “routine indebtedness” under applicable Canadian securities laws) was approximately \$565,000. As at March 1, 2006, there was no outstanding indebtedness (other than “routine indebtedness” under applicable Canadian securities laws) to the Company or its subsidiaries by all present and former directors, officers and employees of Barrick and its subsidiaries made in connection with the purchase of securities of the Company or any of its subsidiaries.

## DIRECTORS’ AND OFFICERS’ INSURANCE AND INDEMNIFICATION

During 2005, Barrick purchased insurance for the benefit of directors and officers of Barrick and its subsidiaries against any liability incurred by them in their capacity as directors and officers, subject to certain limitations contained in the *Business Corporations Act* (Ontario). The premium for such insurance was \$3.2 million. The policy provided coverage to each director and officer of \$125 million in the policy year.

In accordance with the provisions of the *Business Corporations Act* (Ontario), Barrick’s by-laws provide that Barrick will indemnify a director or officer, a former director or officer, or a person who acts or acted at the Company’s request as a director or officer of a company of which Barrick is or was a shareholder or creditor, and his or her heirs and legal representatives, against all costs, charges and expenses, including amounts paid to settle an action or to satisfy a judgment, reasonably incurred in respect of any civil, criminal or administrative action or proceeding to which he or she was made a party by reason of being or having been a director or officer of Barrick or such other company if he or she acted honestly and in good faith with a view to the best interests of the Company or, in the case of a criminal or administrative action or proceeding that is enforced by monetary penalty, he or she had reasonable grounds to believe that his or her conduct was lawful. If Barrick becomes liable under the terms of its by-laws, the insurance coverage will extend to its liability; however, each claim will be subject to a deductible of \$2.5 million or \$5 million, depending on the nature of the claim.

During 2005, certain current and former officers were either indemnified by the Company or paid by the insurer under the Company’s directors and officers insurance policy for costs incurred by them in their capacity as directors and officers of Barrick. Randall Oliphant (former Chief Executive Officer), John K. Carrington (former Chief Operating Officer), and Jamie C. Sokalsky (current Chief Financial Officer) and the Company were named as defendants in *Wagner v. Barrick*, a securities class action complaint filed in the U.S. District

Court for the Southern District of New York in 2003. During 2005, \$9,600 was paid by the Company on behalf of Mr. Oliphant in connection with his defense costs for this litigation. In addition, the Company has retained a law firm to act as common defense counsel for the Company and the three individual defendants; these defense costs are subject to coverage under the Company's directors and officers insurance policy and amounted to \$654,000 in 2005.

#### **APPOINTMENT OF AUDITORS**

Unless otherwise instructed, the persons named in the enclosed proxy or voting instruction form intend to vote such proxy or voting instruction form in favour of the re-appointment of PricewaterhouseCoopers LLP as auditors of Barrick to hold office until the next annual meeting of shareholders and the authorization of the Board of Directors to fix their remuneration.

For the year ended December 31, 2005, PricewaterhouseCoopers LLP were paid total fees of \$2.9 million for audit services and total fees of \$1.3 million for other services, comprised of \$10,000 for audit-related services, \$47,000 for non-audit related services, \$523,000 for tax compliance and advisory services and \$675,000 for Sarbanes-Oxley preparation services. All non-audit services to be provided by PricewaterhouseCoopers LLP are subject to pre-approval by the Audit Committee.

**The Board of Directors recommends that shareholders vote in favour of the appointment of PricewaterhouseCoopers LLP and the authorization of the Board of Directors to fix their remuneration.**

#### **CONTINUANCE AND ARRANGEMENT**

On November 10, 2005, Barrick commenced a take-over bid to acquire all of the outstanding common shares of Placer Dome Inc. ("Placer Dome"). As of February 3, 2006, the expiry of the take-over bid, Barrick had acquired 94% of the Placer Dome common shares. The remaining common shares were subsequently acquired and Placer Dome is now a direct wholly-owned subsidiary of Barrick. It is anticipated that Placer Dome will be continued under the Business Corporations Act (Alberta) (the "ABCA") and become an unlimited liability corporation under the name "Placer Dome ULC".

Before commencing the take-over bid, Barrick agreed to transfer certain assets and liabilities of Placer Dome to Goldcorp Inc. (the "Goldcorp Transaction"). The estimated purchase price to be paid by Goldcorp is approximately \$1.5 billion in cash (subject to adjustment) plus the assumption of certain liabilities. In order to complete the Goldcorp Transaction on a tax-efficient basis and potentially facilitate the integration of Placer Dome's other assets into Barrick's corporate group, Barrick is seeking to complete an internal reorganization that will allow it to utilize the tax cost "bump" provided for in paragraph 88(1)(d) of the Income Tax Act (Canada). The tax cost "bump" will allow Barrick to increase, to the extent permitted, the adjusted cost base of the shares of Placer Dome's directly-owned subsidiary corporations that Barrick will acquire pursuant to the proposed internal reorganization which will reduce Barrick's tax burden in connection with the Goldcorp Transaction and potential future transactions involving Placer Dome's assets.

For tax reasons, the proposed internal reorganization has been structured as an amalgamation of Barrick with Placer Dome while Placer Dome is an unlimited liability corporation. The amalgamation will combine the assets and liabilities of Barrick and Placer Dome. In order to effect the amalgamation, Barrick must continue from the Business Corporations Act (Ontario) (the "OBCA") to the ABCA. The amalgamation will take place under the ABCA and then the corporation resulting from the amalgamation ("Amalgamated Barrick") will continue from the ABCA back to the OBCA.

The export of Barrick to Alberta, amalgamation of Barrick and Placer Dome and return of Amalgamated Barrick to Ontario (collectively, the "Reorganization") will all happen in one day. Following completion of the Reorganization, Barrick will be an Ontario corporation and the articles and by-laws of Barrick will be the same as they are now. There will be no change to the Barrick Common Shares as a result of the Reorganization nor will there be any adverse tax consequences to shareholders in Canada or the United States nor are any adverse tax

consequences expected for shareholders in other jurisdictions. The holders of Barrick Common Shares immediately prior to the amalgamation will be the shareholders of Amalgamated Barrick immediately after the amalgamation. The operations, assets and liabilities of Barrick on a consolidated basis will not be affected by the Reorganization.

In connection with the Reorganization, Barrick, Placer Dome and 1229605 Alberta Ltd. (a wholly-owned subsidiary of Placer Dome) have entered into an arrangement agreement (the “Arrangement Agreement”) dated March 21, 2006, a copy of which is attached to this Circular as Appendix C. The Arrangement Agreement provides for, among other things, a plan of arrangement (the “Plan of Arrangement”) under the ABCA that includes the continuance of Barrick into Alberta, the vertical amalgamation of Barrick and Placer Dome ULC and the export of Amalgamated Barrick from the ABCA to the OBCA. A copy of the Plan of Arrangement is attached as Schedule 1 to the Arrangement Agreement.

On March 23, 2006, the Court of Queen’s Bench of Alberta (the “Court”) granted an interim order (the “Interim Order”), pursuant to which Barrick is seeking the approval of its shareholders to the Plan of Arrangement. In addition, in order to complete the Plan of Arrangement, Barrick must first obtain the approval of its shareholders to the continuance of Barrick from the OBCA to the ABCA (the “Continuance”). As a result, Barrick is seeking the approval of its shareholders to the Continuance and the Plan of Arrangement. The full text of the proposed special resolution (the “Continuance and Arrangement Resolution”) is attached to this Circular as Appendix B. The Continuance will not be undertaken unless the Plan of Arrangement (which provides for the export of Amalgamated Barrick from the ABCA to the OBCA) is also effected.

If the Continuance and Arrangement Resolution is passed and all of the other conditions in the Arrangement Agreement are satisfied or waived, Barrick intends to apply for a final order of the Court (the “Final Order”) approving the Plan of Arrangement. The effective date (the “Effective Date”) of the Plan of Arrangement is expected to be shortly after the Meeting. The continuance of Barrick to the ABCA, the vertical amalgamation of Barrick and Placer Dome ULC and the export of Amalgamated Barrick to the OBCA are intended to all occur on the same day. Notwithstanding that the Continuance and Arrangement Resolution is passed or that the Final Order is obtained on terms satisfactory to Barrick, Placer Dome and 1229605 Alberta Ltd. or that all other conditions in the Arrangement Agreement are satisfied or waived, the officers and directors of Barrick are authorized and empowered, without further notice to or approval of the holders of Barrick Common Shares, to amend, supplement or modify the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement, to terminate the Arrangement Agreement, to abandon the Continuance, not to proceed with the Plan of Arrangement or to revoke the Continuance and Arrangement Resolution.

**The Board of Directors recommends that shareholders vote in favour of the Continuance and Arrangement Resolution.** In order to approve the Continuance and Arrangement Resolution, two-thirds of the votes cast at the Meeting must be voted in favour thereof. Registered holders of Barrick Common Shares (“Common Shareholders”) who vote against the Continuance and Arrangement Resolution will be entitled to dissent and to require that Barrick acquire their Barrick Common Shares for fair value if Barrick proceeds with the Reorganization. The rights of dissent are described in greater detail below.

#### **Dissent Rights**

A registered Common Shareholder is entitled to dissent under section 185 of the OBCA and to be paid the fair value of such Common Shareholder’s Barrick Common Shares if such Common Shareholder properly dissents in respect of the Continuance and Arrangement Resolution and the Continuance becomes effective. In addition, a registered Common Shareholder is entitled to dissent under section 191 of the ABCA and to be paid the fair value of such Common Shareholder’s Barrick Common Shares if such Common Shareholder properly dissents in respect of the Continuance and Arrangement Resolution and Barrick proceeds with the Reorganization. **You should know that the provisions of and procedures relating to section 185 of the OBCA and section 191 of the ABCA are different. You should consult with your legal advisor for information about the differences between such provisions and procedures.**

A registered holder of BGI Exchangeable Shares is not entitled to dissent under section 185 of the OBCA or section 191 of the ABCA. Holders of BGI Exchangeable Shares who wish to dissent must exchange their BGI Exchangeable Shares for Barrick Common Shares sufficiently in advance of the Meeting to enable them to deliver a Notice of Objection (defined below) in the manner and within the time periods set out below.

A registered Common Shareholder who objects to the Continuance and Arrangement Resolution and who wishes to exercise his or her right of dissent (a “Dissenting Shareholder”) must send to the Vice President, Assistant General Counsel and Secretary of Barrick at BCE Place, Canada Trust Tower, Suite 3700, 161 Bay Street, P.O. Box 212, Toronto, Ontario M5J 2S1, a written notice of such holder’s objection to the resolution (a “Notice of Objection”) prior to the Meeting or deliver a Notice of Objection to the Secretary of Barrick at the Meeting. **In the Notice of Objection, you must indicate whether you are dissenting under the OBCA or the ABCA. If you do not clearly indicate that you are dissenting under the OBCA or the ABCA, you will be deemed to be dissenting under the OBCA.**

Set out below is a summary of the provisions of the OBCA and the ABCA relating to dissent rights. It is a summary only and is qualified in its entirety by the provisions of section 185 of the OBCA and section 191 of the ABCA, respectively. **The provisions of the OBCA and the ABCA relating to dissent rights are technical and complex. Common Shareholders wishing to avail themselves of their rights under those provisions should seek their own legal advice, as failure to comply strictly with the provisions of the OBCA and the ABCA may prejudice their right of dissent. The text of section 185 of the OBCA and the text of section 191 of the ABCA are attached as Appendix F and Appendix G, respectively, to this Circular. In addition, the exercise of dissent rights may have tax consequences. You should consult your tax advisor for information about these consequences.**

The Court hearing the application for the Final Order has the discretion to alter the rights of dissent described herein on evidence presented at that hearing.

The Arrangement Agreement provides that it is a condition to the completion of the Arrangement that Barrick must determine to proceed with the Arrangement if Common Shareholders representing in excess of 0.1% of the Barrick Common Shares outstanding on the business day immediately prior to the Meeting shall have exercised dissent rights.

Section 185 of the OBCA and Section 191 of the ABCA each provide that a Common Shareholder may only make a claim under such section with respect to all the shares of a class held by the Common Shareholder on behalf of any one beneficial owner and registered in the Common Shareholder’s name. One consequence of these provisions is that a Common Shareholder may only exercise the right to dissent in respect of Barrick Common Shares that are registered in that Common Shareholder’s name. In many cases, shares beneficially owned by a person are registered in the name of an intermediary or a clearing agency. **Accordingly, a non-registered Common Shareholder will not be entitled to exercise his or her right to dissent directly (unless the Barrick Common Shares are re-registered in the non-registered Common Shareholder’s name). A non-registered Common Shareholder who wishes to exercise the right of dissent should immediately contact the intermediary with whom the non-registered Common Shareholder deals with in respect of his or her Barrick Common Shares and either (i) instruct the intermediary to exercise the right to dissent on the non-registered Common Shareholder’s behalf (which, if the Barrick Common Shares are registered in the name of a clearing agency, would require that the Barrick Common Shares first be re-registered in the name of the intermediary), or (ii) instruct the intermediary to re-register the Barrick Common Shares in the name of the non-registered Common Shareholder, in which case the non-registered Common Shareholder would be required to exercise the right to dissent directly.**

The filing of a Notice of Objection does not deprive a Common Shareholder of the right to vote at the Meeting; however both the OBCA and ABCA provide, in effect, that a Common Shareholder who has submitted a Notice of Objection and who votes in favour of the Continuance and Arrangement Resolution will be deprived of further rights under section 185 of the OBCA and section 191 of the ABCA, as applicable. A Common



Shareholder, however, may vote as a proxyholder for another Common Shareholder whose proxy required an affirmative vote, without affecting the right of the proxyholder to exercise the dissent right in respect of his or her own Barrick Common Shares. Neither the OBCA nor the ABCA provides, and Barrick will not assume, that a vote against the Continuance and Arrangement Resolution or an abstention constitutes a Notice of Objection, but a Common Shareholder need not vote his or her Barrick Common Shares against the Continuance and Arrangement Resolution in order to dissent. Similarly, the revocation of a proxy conferring authority on the proxyholder to vote in favour of the Continuance and Arrangement Resolution does not constitute a Notice of Objection. However, any proxy granted by a Common Shareholder who intends to dissent, other than a proxy that instructs the proxyholder to vote against the Continuance and Arrangement Resolution, should be validly revoked in order to prevent the proxyholder from voting such Barrick Common Shares in favour of the Continuance and Arrangement Resolution and thereby causing the Common Shareholder to forfeit his or her right to dissent.

### ***OBCA***

Under section 185 of the OBCA, within 10 days of the shareholders adopting the Continuance and Arrangement Resolution, Barrick is required to notify each Dissenting Shareholder in writing that the Continuance and Arrangement Resolution has been adopted, unless the Dissenting Shareholder voted in favour of the Continuance and Arrangement Resolution or has withdrawn such Dissenting Shareholder's Notice of Objection. The notice of adoption must set out the rights of the Dissenting Shareholder and the procedures to be followed to exercise those rights. A Dissenting Shareholder shall, within 20 days after receiving notice of the adoption of the Continuance and Arrangement Resolution, or if such Dissenting Shareholder does not receive such notice, within 20 days after such Dissenting Shareholder learns that the Continuance and Arrangement Resolution has been adopted, send to Barrick at the address set out above a written notice (the "Demand for Payment") containing such Dissenting Shareholder's name and address, the number of Barrick Common Shares in respect of which such Dissenting Shareholder dissents and a demand for payment of the fair value of the Barrick Common Shares held by such Dissenting Shareholder. Within 30 days of the sending of a Demand for Payment, the Dissenting Shareholder must send the certificates representing the Barrick Common Shares in respect of which such Dissenting Shareholder dissents to Barrick or CIBC Mellon Trust Company, in its capacity as Barrick's transfer agent. Barrick or CIBC Mellon Trust Company will endorse thereon notice that the Dissenting Shareholder is a Dissenting Shareholder and will then return the share certificates to the Dissenting Shareholder. After sending a Demand for Payment, a Dissenting Shareholder ceases to have any rights as a Common Shareholder other than the right to be paid the fair value of the Barrick Common Shares held by such Dissenting Shareholder, except where (i) the Dissenting Shareholder withdraws its Demand for Payment before Barrick makes an offer to the Dissenting Shareholder in accordance with the OBCA; (ii) Barrick fails to make an offer as hereinafter described and the Dissenting Shareholder withdraws its Demand for Payment; or (iii) the Arrangement Agreement is terminated; in which case such Dissenting Shareholder's rights as a Common Shareholder are reinstated as of the date such Dissenting Shareholder sent the Demand for Payment. Not later than seven days after the later of the Effective Date and the day Barrick receives a Demand for Payment, Barrick is required to send to each Dissenting Shareholder who has sent a Demand for Payment an offer to pay for the Barrick Common Shares of the Dissenting Shareholder in an amount considered by the Board of Directors to be the fair value thereof, determined as of the close of business on the day before the day on which the Continuance and Arrangement Resolution was adopted, accompanied by a statement showing how the fair value was determined, or, if applicable, a notification that Barrick is unable lawfully to pay Dissenting Shareholders for their Barrick Common Shares.

Every offer to pay for Barrick Common Shares held by Dissenting Shareholders must be on the same terms and is to be paid by Barrick within 10 days of the acceptance, but an offer to pay lapses if Barrick has not received an acceptance thereof within 30 days of making the offer to pay. If an offer to pay is not made by Barrick or if a Dissenting Shareholder does not accept an offer to pay, Barrick may within 50 days after the Effective Date, or within such further period as the Ontario Superior Court of Justice (the "Ontario Court") may

allow, apply to the Ontario Court to fix a fair value for the Barrick Common Shares of any Dissenting Shareholder. At the present time, Barrick does not intend to apply to the Ontario Court to fix a fair value for the Barrick Common Shares. If Barrick fails to apply to the Court, a Dissenting Shareholder may apply to the Ontario Court for the same purpose within a further period of 20 days or within such further period as the Ontario Court may allow.

Before making an application to the Ontario Court, or not later than seven days after receiving notice of an application to the Ontario Court by a Dissenting Shareholder, as the case may be, Barrick shall give to each Dissenting Shareholder who, at the date upon which the notice is given (a) has sent to Barrick a Demand for Payment and (b) has not accepted the offer to pay made by Barrick, notice of the date, place and consequences of the application and of such Dissenting Shareholder's right to appear and be heard in person or by counsel. A similar notice shall be given to each Dissenting Shareholder who, after the date of such first mentioned notice and before the termination of the proceedings commenced by the application, satisfies the conditions in (a) and (b) above within three days after such Dissenting Shareholder satisfies such conditions. All Dissenting Shareholders who satisfy the conditions in (a) and (b) above shall be deemed to be joined in the application on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and such Dissenting Shareholders are bound by the decision rendered by the Ontario Court in the proceedings commenced by the application. Upon an application to the Ontario Court, the Ontario Court may determine whether any other person is a Dissenting Shareholder who should be joined as a party and the Ontario Court is to fix a fair value for the Barrick Common Shares of all Dissenting Shareholders.

A Dissenting Shareholder who dissents but elects to receive the fair value of such Dissenting Shareholder's Barrick Common Shares and does not accept the offer to pay made by Barrick, or if the offer to pay lapses and Barrick has not received an acceptance thereof, will be bound to accept the amount determined by the Ontario Court to be the fair value of the Barrick Common Shares even if such amount is lower than the amount offered by Barrick.

### **ABCA**

Under section 191 of the ABCA, an application may be made to the Court of Queen's Bench of Alberta (the "Alberta Court") by Barrick or by a Dissenting Shareholder to fix the fair value of the Dissenting Shareholder's Barrick Common Shares. If such an application to the Alberta Court is made by Barrick or a Dissenting Shareholder, Barrick must, unless the Alberta Court otherwise orders, send to each Dissenting Shareholder a written offer to pay the Dissenting Shareholder an amount considered by the Board of Directors to be the fair value thereof, determined as of the close of business on the last business day before the day on which the Continuance and Arrangement Resolution was adopted. The offer to pay, unless the Alberta Court otherwise orders, will be sent to each Dissenting Shareholder at least 10 days before the date on which the application is returnable, if Barrick is the applicant, or within 10 days after Barrick is served with notice of the application, if a Dissenting Shareholder is the applicant. The offer to pay will be made on the same terms to each Dissenting Shareholder and will be accompanied by a statement showing how the fair value was determined, or, if applicable, a notification that Barrick is unable to pay Dissenting Shareholders for their Barrick Common Shares.

A Dissenting Shareholder may make an agreement with Barrick for the purchase of such Dissenting Shareholder's Barrick Common Shares for the same amount as the offer to pay or otherwise, at any time before the Alberta Court pronounces an order fixing the fair value of the Barrick Common Shares.

A Dissenting Shareholder is not required to give security for costs in respect of an application to the Alberta Court and, except in special circumstances, will not be required to pay the costs of the application and appraisal. On the application, the Alberta Court will make an order fixing the fair value of the Barrick Common Shares of all Dissenting Shareholders who are parties to the application, giving judgment in that amount against Barrick in favour of each of those Dissenting Shareholders, and fixing the time within which Barrick must pay that amount payable to the Dissenting Shareholders. The Alberta Court may in its discretion allow a reasonable rate of

interest on the amount payable to each Dissenting Shareholder calculated from the date on which the Dissenting Shareholder ceases to have any rights as a Common Shareholder, until the date of payment.

A Dissenting Shareholder ceases to have any rights as a Common Shareholder of Barrick other than the right to be paid the fair value of his or her Barrick Common Shares on the earliest of the Effective Date, the making of an agreement between Barrick and the Dissenting Shareholder as to the payment to be made by Barrick to the Dissenting Shareholder and the pronouncement of an order of the Alberta Court fixing the fair value of the Barrick Common Shares. Until any of the foregoing events occur, the Common Shareholder may withdraw his or her dissent or the Arrangement Agreement may be terminated and in either event proceedings under section 191 of the ABCA shall be discontinued.

#### **AVAILABILITY OF DISCLOSURE DOCUMENTS**

Additional information relating to Barrick is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on Barrick's website, [www.barrick.com](http://www.barrick.com). Financial information about Barrick is provided in the Company's comparative financial statements and management's discussion and analysis of financial and operating results for the year ended December 31, 2005.

Barrick will provide to any person or company, upon request to its Investor Relations Department, a copy of:

- (1) its 2005 Annual Report, including management's discussion and analysis of financial and operating results;
- (2) its latest Annual Information Form, together with a copy of any document, or pertinent pages of any document, incorporated therein by reference;
- (3) its comparative financial statements for the year ended December 31, 2005, together with the report of its auditors thereon, and any interim financial statements filed subsequently; and
- (4) its Management Information Circular and Proxy Statement for its last Annual Meeting of Shareholders.

Barrick's Investor Relations Department may be reached at:

Toll-free number within Canada and the United States: 1-800-720-7415  
Telephone: (416) 861-9911  
Fax: (416) 861-0727  
Email: [investor@barrick.com](mailto:investor@barrick.com)

BCE Place, Canada Trust Tower  
Suite 3700, 161 Bay Street  
P.O. Box 212  
Toronto, Ontario M5J 2S1

#### **DIRECTORS' APPROVAL**

The contents of this Circular and the sending thereof to the shareholders of the Company have been approved by the Board of Directors.

Toronto, Ontario, March 24, 2006.

By Order of the Board of Directors



Sybil E. Veenman  
Vice-President, Assistant General Counsel and  
Secretary

## APPENDIX A

### MANDATE OF THE BOARD OF DIRECTORS

#### Mandate

The Board of Directors (the “Board”) is responsible for the stewardship of Barrick Gold Corporation (the “Company”) and for the supervision of the management of the business and affairs of the Company.

Directors shall exercise their business judgment in a manner consistent with their fiduciary duties. In particular, directors are required to act honestly and in good faith, with a view to the best interests of the Company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

#### Responsibilities

The Board discharges its responsibility for supervising the management of the business and affairs of the Company by delegating the day-to-day management of the Company to senior officers. The Board relies on senior officers to keep it apprised of all significant developments affecting the Company and its operations.

The Board discharges its responsibilities directly and through delegation to its Committees.

The Board’s responsibilities shall include:

##### *Oversight of Management*

1. Through the Compensation Committee, adopting a succession planning process and participating in the selection, appointment, development, evaluation and compensation of the Chairman of the Board, the Chief Executive Officer (“CEO”) and other senior officers.
2. Through the actions of the Board and its individual directors and through Board’s interaction with and expectations of senior officers, promoting a culture of integrity throughout the Company consistent with the Company’s *Code of Business Conduct and Ethics*, taking appropriate steps to, to the extent feasible, satisfy itself as to the integrity of the CEO and other executive officers of the Company, and that the CEO and other executive officers create a culture of integrity throughout the Company.
3. Periodically reviewing and approving any significant changes to the Company’s *Code of Business Conduct and Ethics*.
4. Developing and approving position descriptions for each of the Chairman of the Board, CEO and the Chairperson of each Board Committee, and measuring the performance of those acting in such capacities against such position descriptions.

##### *Financial and Risk Matters*

5. Overseeing the reliability and integrity of accounting principles and practices followed by management, of the financial statements and other publicly reported financial information, and of the disclosure principles and practices followed by management.
6. Overseeing the integrity of the Company’s internal controls and management information systems by adopting appropriate internal and external audit and control systems.
7. Reviewing and approving an annual operating budget for the Company and its subsidiaries on a consolidated basis and monitoring the Company’s performance against such budget.
8. Approving annual and, either directly or through the Audit Committee, quarterly financial statements and the release thereof by management.

9. Reviewing and discussing with management the processes utilized by management with respect to risk assessment and risk management, including for the identification by management of the principal risks of the business of the Company, including financial risks, and the implementation by management of appropriate systems to deal with such risks.

#### ***Business Strategy***

10. Adopting a strategic planning process pursuant to which management develops and proposes, and the Board reviews and approves, significant corporate strategies and objectives, taking into account the opportunities and risks of the business.
11. Reviewing and approving all major acquisitions, dispositions and investments and all significant financings and other significant matters outside the ordinary course of the Company's business.
12. Reviewing management's implementation of appropriate community and environmental stewardship and health and safety management systems, taking into consideration applicable laws, Company policies and accepted practices in the mining industry.

#### ***Communications and Reporting***

13. Overseeing the Company's continuous disclosure program with a view to satisfying itself that material information is disseminated in a timely fashion.
14. Periodically reviewing and approving any significant changes to the Company's Disclosure Policy.
15. Adopting a process to enable shareholders to communicate directly with the Lead Director or with the Chairman of the Corporate Governance and Nominating Committee.

#### ***Corporate Governance***

16. Overseeing the development of the Company's approach to corporate governance, including reviewing and approving changes to the Company's Corporate Governance Guidelines, which Guidelines shall set out the expectations of directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials.
17. Taking appropriate steps to remain informed about the Board's duties and responsibilities and about the business and operations of the Company.
18. Ensuring that the Board receives from senior officers the information and input required to enable the Board to effectively perform its duties.
19. Overseeing, through the Corporate Governance and Nominating Committee, the review of the effectiveness of the Board, its Committees and individual directors on an annual basis.

#### ***Board Organization***

20. Overseeing, through the Corporate Governance and Nominating
21. Establishing committees of the Board and delegating certain Board responsibilities to these committees, consistent with the Company's *Corporate Governance Guidelines* .

## APPENDIX B

### CONTINUANCE AND ARRANGEMENT RESOLUTION

“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the continuance of Barrick Gold Corporation (“Barrick”) as a corporation under the Business Corporations Act (Alberta) (the “ABCA”) is hereby approved and authorized;
2. the arrangement (the “Arrangement”) under section 193 of the ABCA substantially as set forth in the plan of arrangement (the “Plan of Arrangement”) attached as Schedule 1 to Appendix C of the Management Information Circular and Proxy Statement of Barrick dated March 24, 2006 (the “Circular”) is hereby approved and authorized;
3. the arrangement agreement (the “Arrangement Agreement”) dated as of March 21, 2006 between Barrick, Placer Dome Inc. (“Placer Dome”) and 1229605 Alberta Ltd., a copy of which is attached as Appendix C of the Circular, which provides for, among other things, the continuance of Barrick under the ABCA, the vertical amalgamation of Barrick and Placer Dome and the authorization of the resulting corporation (“Amalgamated Barrick”) to continue under the Business Corporations Act (Ontario) (the “OBCA”), with such amendments or variations thereto made in accordance with the terms of the Arrangement Agreement as may be approved by the persons referred to in paragraph 5 hereof, such approval to be evidenced conclusively by their execution and delivery of any such amendments or variations, is hereby confirmed, ratified and approved;
4. notwithstanding that this resolution has been duly passed or that the Plan of Arrangement has received the approval of the Court of Queen’s Bench of Alberta or that all of the conditions in the Arrangement Agreement have been satisfied or waived, any director or officer of Barrick is hereby authorized and empowered, for and on behalf of Barrick, without further notice to or approval of the holders of Barrick shares, (a) to amend, supplement or modify the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement, (b) to terminate the Arrangement Agreement, and (c) to abandon the application for the continuance of Barrick under the ABCA, (d) not to proceed with the Arrangement, or (e) to revoke this resolution at any time prior to the effective date of the Arrangement (provided that if the board of directors terminates the Arrangement Agreement or does not proceed with the Arrangement, it shall also abandon the continuance of Barrick under the ABCA); and
5. any director or officer of Barrick is hereby authorized, for and on behalf of Barrick, to execute and deliver an application for authorization to continue in another jurisdiction, articles of arrangement, articles of continuance and articles of amalgamation under the ABCA and articles of continuance for Amalgamated Barrick to continue from the ABCA to the OBCA and to execute or cause to be executed, with or without the corporate seal, and, if, appropriate, deliver or cause to be delivered or file or cause to be filed all such other documents, agreements, articles and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary or desirable to give full effect to this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and, if appropriate, delivery or filing of any such document, agreement, articles or instrument or the doing of any such act or thing.”

## APPENDIX C

### ARRANGEMENT AGREEMENT

**THIS AGREEMENT** made as of the 21<sup>st</sup> day of March, 2006.

B E T W E E N:

**BARRICK GOLD CORPORATION**,  
a corporation existing under the laws of Ontario,

(hereinafter referred to as “ **Barrick** ”),

-and -

**PLACER DOME INC.**,  
a corporation existing under the federal laws of Canada,

(hereinafter referred to as “ **Placer Dome** ”),

-and -

**1229605 ALBERTA LTD.**,  
a corporation existing under the laws of Alberta,

(hereinafter referred to as “ **1229605** ”).

WHEREAS Placer Dome is a direct, wholly-owned subsidiary of Barrick;

AND WHEREAS 1229605 is a direct, wholly-owned subsidiary of Placer Dome;

AND WHEREAS it is proposed that Placer Dome will continue under the laws of Alberta and amend its articles to become an unlimited liability corporation;

AND WHEREAS it is further proposed that Barrick will continue under the laws of Alberta and amalgamate with Placer Dome and that the resulting amalgamated corporation will thereafter be continued under the laws of Ontario;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the covenants and agreements contained herein and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each party), the parties hereby covenant and agree as follows:

### **ARTICLE 1** **INTERPRETATION**

#### **1.1 Definitions**

In this Agreement, unless the context otherwise requires:

“ **1229605** ” means 1229605 Alberta Ltd., a corporation existing under the laws of Alberta, and its successors;

“ **ABCA** ” means the *Business Corporations Act* (Alberta), as amended;

“ **Amalgamated Barrick** ” means the corporation continuing from the amalgamation of Barrick and Placer Dome pursuant to the Plan of Arrangement;

“ **Arrangement** ” means the arrangement pursuant to section 193 of the ABCA, on the terms and conditions set forth in the Plan of Arrangement;

“ **Barrick** ” means Barrick Gold Corporation, a corporation existing under the laws of Ontario, and its successors;

“ **Barrick Meeting** ” has the meaning given to that term in Section 2.1(b);

“ **Barrick Shareholders** ” means the registered holders of common shares of Barrick at the relevant time;

“ **Business Day** ” means any day other than a Saturday, Sunday, a public holiday or a day on which commercial banks are not open for business in the City of Edmonton and the City of Toronto;

“ **Continuance and Arrangement Resolution** ” means the resolution of the shareholders of Barrick authorizing and approving the continuance of Barrick into Alberta and the Arrangement, substantially in the form of the resolution which is to be attached to the information circular sent to Barrick shareholders in relation to the Barrick Meeting;

“ **Court** ” means the Court of Queen’s Bench of Alberta;

“ **Effective Date** ” means the date on which the Arrangement will be effective, which shall not in any event precede the date of the Final Order;

“ **Final Order** ” means the final order of the Court approving the Arrangement to be issued pursuant to the application referred to in Section 2.1(c), as such order may be amended at any time prior to Effective Date;

“ **Interim Order** ” means the interim order of the Court to be issued pursuant to the application referred to in Section 2.1(a), as such order may be amended at any time prior to the Effective Date;

“ **OBCA** ” means the *Business Corporations Act* (Ontario), as amended;

“ **Placer Dome** ” means Placer Dome Inc., a corporation existing under the federal laws of Canada, and its successors;

“ **Placer Dome Shares** ” means all of the common shares in the capital of Placer Dome;

“ **Plan of Arrangement** ” means the plan of arrangement substantially in the form and on the terms annexed as Schedule 1 hereto, and any amendment, modification or supplement thereto made in accordance with the terms thereof; and

“ **Registrar** ” has the meaning given to that term in the ABCA.

## **1.2 Interpretation Not Affected by Headings**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect in any way the construction or interpretation of this Agreement. Unless otherwise specified, references to Articles and Sections are to Articles, Sections and subsections of this Agreement.

## **1.3 Number and Gender**

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa; words importing gender shall include all genders; and a reference to a person shall include a natural person, firm, trust, partnership, association, corporation, joint venture or government (including any governmental agency, political subdivision or instrumentality thereof).

## **1.4 Schedule**

Schedule 1 annexed to this Agreement, being the Plan of Arrangement, is incorporated by reference into and forms part of this Agreement.



**ARTICLE 2**  
**THE ARRANGEMENT**

**2.1 Arrangement**

- (a) As soon as reasonably practicable following the execution and delivery of this Agreement, Barrick, Placer Dome and 1229605 shall jointly file, proceed with and diligently prosecute an application pursuant to section 193(2) of the ABCA for the Interim Order.
- (b) If the Interim Order is obtained on terms satisfactory to Barrick, Placer Dome and 1229605, Barrick shall convene and hold a meeting of its shareholders (the “**Barrick Meeting**”) for the purpose of, among other things, having such shareholders consider the Continuance and Arrangement Resolution.
- (c) If the Interim Order is obtained on terms satisfactory to Barrick, Placer Dome and 1229605 and the Continuance and Arrangement Resolution is passed by the requisite majority of the shareholders of Barrick, Barrick, Placer Dome and 1229605 shall promptly thereafter take all steps necessary or desirable to submit the Arrangement to the Court and apply for the Final Order.
- (d) Subject to obtaining the Final Order and the satisfaction or waiver of the other conditions herein or therein contained in favour of each party:
  - (i) the appropriate parties shall apply for an authorization for Barrick to continue from the OBCA to the ABCA;
  - (ii) the appropriate parties hereto shall, pursuant to section 193(10) of the ABCA, send or cause to be sent to the Registrar a copy of the Final Order and articles of arrangement to give effect to the Arrangement and implement the Plan of Arrangement, together with all other required documentation; and
  - (iii) the appropriate parties shall apply to the Director under the OBCA for a certificate of continuance for Amalgamated Barrick and shall file articles of continuance for Amalgamated Barrick, together with all other required documentation, with the Director under the OBCA.

**2.2 Effective Time of Steps of Arrangement**

The various transactions in the Arrangement shall become effective on the Effective Date, in the order specified in the Plan of Arrangement.

**ARTICLE 3**  
**REPRESENTATIONS AND WARRANTIES**

**3.1 Representations and Warranties of Barrick**

Barrick represents and warrants to Placer Dome and 1229605 as follows and acknowledges that Placer Dome and 1229605 are relying on such representations and warranties in connection with the Arrangement:

- (a) Barrick is validly existing under the laws of Ontario and has the corporate power to enter into this Agreement and to perform its obligations hereunder;
- (b) Barrick is the registered and beneficial owner of all of the outstanding shares of Placer Dome; and
- (c) this Agreement has been duly authorized, executed and delivered by Barrick and is a legal, valid and binding obligation of Barrick, enforceable against Barrick by Placer Dome and 1229605 in accordance with its terms.

### **3.2 Representations and Warranties of Placer Dome**

Placer Dome represents and warrants to Barrick and 1229605 as follows and acknowledges that Barrick and 1229605 are relying on such representations and warranties in connection with the Arrangement:

- (a) Placer Dome is validly existing under the federal laws of Canada and has the corporate power to enter into this Agreement and to perform its obligations hereunder;
- (b) Placer Dome is the registered and beneficial owner of all of the outstanding shares of 1229605;
- (c) this Agreement has been duly authorized, executed and delivered by Placer Dome and is a legal, valid and binding obligation of Placer Dome, enforceable against Placer Dome by Barrick and 1229605 in accordance with its terms; and
- (d) the sole shareholder of Placer Dome has approved the Arrangement.

### **3.3 Representations and Warranties of 1229605**

1229605 represents and warrants to Barrick and Placer Dome as follows and acknowledges that Barrick and Placer Dome are relying on such representations and warranties in connection with the Arrangement:

- (a) 1229605 is validly existing under the laws of Alberta and has the corporate power to enter into this Agreement and to perform its obligations hereunder;
- (b) this Agreement has been duly authorized, executed and delivered by 1229605 and is a legal, valid and binding obligation of 1229605, enforceable against 1229605 by Barrick and Placer Dome in accordance with its terms; and
- (c) the sole shareholder of 1229605 has approved the Arrangement.

## **ARTICLE 4** **COVENANTS**

### **4.1 Covenants of Barrick**

Barrick covenants and agrees that:

- (a) prior to the Effective Date, it will effect the continuance of Placer Dome under the laws of Alberta and such amendments to the articles of Placer Dome as may be required in order for Placer Dome to become an unlimited liability corporation under the laws of Alberta;
- (b) it will do all such acts and things as are necessary or desirable in order to give effect to the Arrangement and, without limiting the foregoing, it will apply for and use its reasonable efforts to obtain such consents, orders or approvals as are necessary or desirable for the implementation of the Arrangement; and
- (c) to the extent within its power, it will forthwith carry out the terms of the Interim Order and the Final Order.

### **4.2 Covenants of Placer Dome**

Placer Dome covenants and agrees that:

- (a) prior to the Effective Date, it will effect the continuance of Placer Dome under the laws of Alberta and such amendments to the articles of Placer Dome as may be required in order for Placer Dome to become an unlimited liability corporation under the laws of Alberta;
- (b) it will do all such acts and things as are necessary or desirable in order to give effect to the Arrangement and, without limiting the foregoing, it will apply for and use its reasonable efforts to obtain such consents, orders or approvals as are necessary or desirable for the implementation of the Arrangement; and
- (c) to the extent within its power, it will forthwith carry out the terms of the Interim Order and the Final Order.

#### **4.3 Covenants of 1229605**

1229605 covenants and agrees that:

- (a) it will do all such acts and things as are necessary or desirable in order to give effect to the Arrangement and, without limiting the foregoing, it will apply for and use its reasonable efforts to obtain such consents, orders or approvals as are necessary or desirable for the implementation of the Arrangement; and
- (b) to the extent within its power, it will forthwith carry out the terms of the Interim Order and the Final Order.

#### **ARTICLE 5** **SURVIVAL OF REPRESENTATIONS AND WARRANTIES**

**5.1** The representations and warranties of the parties contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated and extinguished on the Effective Date.

#### **ARTICLE 6** **CONDITIONS**

##### **6.1 Mutual Conditions of Barrick, Placer Dome and 1229605**

The obligations of Barrick, Placer Dome and 1229605 to complete the Arrangement are subject to the fulfillment of the following conditions:

- (a) there shall not be in force any order or decree of a court or other tribunal of competent jurisdiction restraining or enjoining the consummation of the Arrangement;
- (b) the Arrangement shall have been approved at the Barrick Meeting in accordance with the Interim Order;
- (c) all consents, orders, regulations and approvals, including regulatory and judicial approvals and orders, that the parties deem necessary or desirable for the completion of the Arrangement shall have been obtained or received and none of such consents, orders, regulations or approvals shall contain terms or conditions that are unsatisfactory or unacceptable to Barrick, Placer Dome or 1229605;
- (d) the Interim Order shall have been granted in form and substance satisfactory to Barrick, Placer Dome and 1229605 and shall not have been set aside or modified in a manner unacceptable to such parties, on appeal or otherwise;
- (e) the Final Order shall have been granted in form and substance satisfactory to Barrick, Placer Dome and 1229605 and shall not have been set aside or modified in a manner unacceptable to such parties, on appeal or otherwise;
- (f) Placer Dome shall have been continued under the laws of Alberta and shall have become an unlimited liability corporation under the ABCA;
- (g) in the event that Barrick Shareholders representing in excess of 0.1% of the outstanding common shares of Barrick shall have exercised dissent or similar rights, Barrick shall have determined to proceed with the Arrangement; and
- (h) this Agreement shall not have been terminated under Article 7.

The foregoing conditions are for the benefit of each of Barrick, Placer Dome and 1229605 and may be waived, in whole or in part, by any of Barrick, Placer Dome or 1229605 in writing at any time. If any of the foregoing conditions are not satisfied or waived on or before December 31, 2006, or such other date as may be agreed by the parties, then Barrick, Placer Dome or 1229605 may terminate this Agreement by written notice to each of the other parties.

## **6.2 Merger of Conditions**

The conditions set out in this Article shall be conclusively deemed to have been satisfied, waived or released upon the completion of the Arrangement.

## **ARTICLE 7 TERMINATION**

### **7.1 Termination**

This Agreement may be terminated by written notice of any party to each of the other parties given at any time, including, without limitation, before or after (a) the Continuance and Arrangement Resolution is considered and/or passed or (b) the Interim Order or the Final Order is granted, before the Effective Date or in the circumstances contemplated in Article 6 without further action on the part of any party.

## **ARTICLE 8 GENERAL**

### **8.1 Expenses**

The parties agree that all fees and expenses incurred in connection with the Arrangement, including, without limitation, financial advisors' fees, filing fees, legal and accounting fees and printing and mailing costs, will be paid for by the party that incurred same.

### **8.2 Amendment**

This Agreement may, at any time and from time to time, be amended by mutual written agreement of the parties hereto without further notice to or authorization on the part of their respective shareholders or other security holders. The Plan of Arrangement may be amended, modified or supplemented in accordance with Article 3 of the Plan of Arrangement.

### **8.3 Notices**

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a party to another party shall be in writing and may be given by delivering same or sending same by facsimile transmission or by delivery addressed to the party to which the notice is to be given at its address for service herein. Any notice, consent, waiver, direction or other communication aforesaid shall, if delivered, be deemed to have been given and received on the date on which it was delivered to the address provided herein (if a Business Day, and if not, the next succeeding Business Day) and if sent by facsimile transmission be deemed to have been given and received on the date of receipt (if a Business Day, and if not, the next succeeding Business Day). Any party may waive any right to notice from another party that it may have under this Agreement, which waiver shall be made in writing and may be given before or after the time required for such notice.

The address for notice of each of the parties hereto shall be as follows:

(a) if to Barrick:

BCE Place, Suite 3700  
161 Bay Street, P.O. Box 212  
Toronto, ON M5J 2S1  
Canada

Attention: General Counsel  
Fax: (416) 861-2492

(b) if to Placer Dome:

P.O. Box 49330  
Bentall Postal Station  
1600 — 1055 Dunsmuir St.  
Vancouver, BC V7X 1P1  
Canada

Attention: Chief Executive Officer  
Fax: (604) 682-7092

(c) if to 1229605:

c/o Fraser Milner Casgrain LLP  
2900 Manulife Place  
10180 101 Street  
Edmonton, AB T5J 3V5  
Canada

Attention: Michael Gluckman  
Fax: (780) 423-7276

#### **8.4 Entire Agreement**

This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof.

#### **8.5 Governing Law**

This Agreement shall be governed by, and be construed in accordance with, the laws of Alberta and the laws of Canada applicable therein. Each party hereby irrevocably attorns to the jurisdiction of the courts of Alberta in respect of all matters arising under or in relation to this Agreement.

#### **8.6 Waiver**

No waiver by any party shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

#### **8.7 Enurement and Assignment**

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned by any party without the prior written consent of the other parties hereto.

#### **8.8 Counterparts and Telecopies**

This Agreement may be executed in one or more counterparts each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Transmission by telecopier of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart, provided that the party so delivering such counterpart shall, promptly after such delivery, deliver the original of such counterpart of the Agreement to the other parties hereto.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

**BARRICK GOLD CORPORATION**

By: (Signed)

By: (Signed)

**PLACER DOME INC.**

By: (Signed)

By: (Signed)

**1229605 ALBERTA LTD.**

By: (Signed)

## SCHEDULE 1

### PLAN OF ARRANGEMENT UNDER SECTION 193 OF THE BUSINESS CORPORATIONS ACT (ALBERTA)

#### ARTICLE 1 INTERPRETATION

##### **1.1 Definitions**

In this Plan of Arrangement:

- (a) “**1229605**” means 1229605 Alberta Ltd., a corporation existing under the ABCA which is a direct, wholly-owned subsidiary of Placer Dome;
- (b) “**ABCA**” means the *Business Corporations Act* (Alberta), as amended;
- (c) “**Amalgamated Barrick**” means the corporation continuing from the amalgamation of Barrick and Placer Dome pursuant to this Plan of Arrangement;
- (d) “**Arrangement**” means the arrangement pursuant to section 193 of the ABCA, on the terms and conditions set forth in this Plan of Arrangement;
- (e) “**Barrick**” means Barrick Gold Corporation, a corporation existing under the laws of the Province of Ontario;
- (f) “**Barrick Articles**” means the articles of Barrick in effect immediately prior to the occurrence or deemed occurrence of the first to occur of the events set out in Section 2.2 of this Plan of Arrangement;
- (g) “**Barrick By-Laws**” means the by-laws of Barrick in effect immediately prior to the occurrence or deemed occurrence of the first to occur of the events set out in Section 2.2 of this Plan of Arrangement;
- (h) “**Barrick Meeting**” means the meeting of the shareholders of Barrick to be held to, among other things, consider the Arrangement, and any adjournments thereof;
- (i) “**Court**” means the Court of Queen’s Bench of Alberta;
- (j) “**Effective Date**” means the date shown on the certificates issued by the Registrar pursuant to section 193(11) of the ABCA;
- (k) “**OBCA**” means the *Business Corporations Act* (Ontario), as amended;
- (l) “**Placer Dome**” means Placer Dome ULC., an unlimited liability corporation existing under the laws of Alberta (formerly Placer Dome Inc.) which is a direct, wholly-owned subsidiary of Barrick;
- (m) “**Placer Dome Shares**” means all of the shares in the capital of Placer Dome;
- (n) “**Plan of Arrangement**” means this plan of arrangement, and any amendment, modification or supplement thereto made in accordance with the terms hereof; and
- (o) “**Registrar**” has the meaning given to that term in the ABCA.

##### **1.2 Headings and References**

The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect in any way the construction or interpretation of this Plan of Arrangement. Unless otherwise specified, references to Articles and Sections are to Articles and Sections of this Plan of Arrangement.

##### **1.3 Number and Gender**

In this Plan of Arrangement, unless the contrary intention appears, words importing the singular include the plural and vice versa; words importing gender shall include all genders; and a reference to a person shall include

a natural person, firm, trust, partnership, association, corporation, joint venture or government (including any governmental agency, political subdivision or instrumentality thereof).

## **ARTICLE 2**

### **THE ARRANGEMENT**

#### **2.1 Plan of Arrangement**

- (a) This Plan of Arrangement constitutes an arrangement under section 193 of the ABCA.
- (b) This Plan of Arrangement, upon the filing of the articles of arrangement and the issue of the certificates pursuant to section 193(11) of the ABCA, will become effective, and be binding on and after the Effective Date, on: (i) the shareholders of Barrick, (ii) Barrick, (iii) Placer Dome, and (iv) 1229605.
- (c) The articles of arrangement and certificates of continuance, dissolution, amalgamation and discontinuance, as the case may be, shall be filed and issued, as applicable, with respect to this Arrangement in its entirety. Such certificates shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Section 2.2 has become effective in the sequence set out therein.

#### **2.2 Plan of Arrangement**

On the Effective Date, each of the events set out below shall occur and be deemed to occur successively in the following order without any further act or formality:

- (a) Barrick shall be continued as a corporation under the ABCA at which time:
  - (i) Barrick shall become a corporation to which the ABCA applies as if Barrick had been incorporated under the ABCA;
  - (ii) the registered office of Barrick shall be 2900 Manulife Place, 10180 101 Street, Edmonton, Alberta, T5J 3V5;
  - (iii) the Barrick Articles shall be deemed to be the articles of incorporation of Barrick under the ABCA, except that:
    - (A) all references to the OBCA and to section numbers in the OBCA shall be deemed to be references to the ABCA and the corresponding section numbers in the ABCA, respectively;
    - (B) all references to the "Director" shall be deemed to be references to the Registrar; and
    - (C) all references to the registered office of Barrick shall be deemed to be references to 2900 Manulife Place, 10180 101 Street, Edmonton, Alberta, T5J 3V5; and
  - (iv) the certificate of continuance issued by the Registrar pursuant to section 193(11) of the ABCA shall be deemed to be the certificate of incorporation of Barrick;
- (b) 1229605 shall be liquidated and dissolved and cease to exist, and all of its property shall be distributed to Placer Dome;
- (c) Barrick and Placer Dome shall be amalgamated and continue as one corporation, Amalgamated Barrick, and:
  - (i) the Placer Dome Shares shall be cancelled without any repayment of capital in respect thereof;
  - (ii) no securities will be issued by Amalgamated Barrick in connection with the amalgamation;
  - (iii) the stated capital of Amalgamated Barrick will be the same as the stated capital of Barrick;



- (iv) the articles of Amalgamated Barrick shall be the same as the Barrick Articles, except that:
  - (A) all references to the OBCA and to section numbers in the OBCA shall be deemed to be references to the ABCA and the corresponding section numbers in the ABCA, respectively;
  - (B) all references to the "Director" shall be deemed to be references to the Registrar; and
  - (C) all references to the registered office of Barrick shall be deemed to be references to 2900 Manulife Place, 10180 101 Street, Edmonton, Alberta, T5J 3V5;
- (v) the articles of Amalgamated Barrick shall be deemed to be the articles of incorporation of Amalgamated Barrick and the certificate of amalgamation issued by the Registrar pursuant to section 193(11) of the ABCA shall be deemed to be the certificate of incorporation of Amalgamated Barrick;
- (vi) the by-laws of Amalgamated Barrick shall be the same as the Barrick By-Laws;
- (vii) all authorizations previously given by the shareholders and board of directors of Barrick and its predecessors will be deemed to be authorizations given by the shareholders and board of directors of Amalgamated Barrick;
- (viii) the first directors of Amalgamated Barrick shall be the directors of Barrick;
- (ix) the first officers of Amalgamated Barrick shall be the officers of Barrick;
- (x) the auditors of Amalgamated Barrick shall be the auditors of Barrick; and
- (xi) the registered office of Amalgamated Barrick shall be the registered office of Barrick;
- (d) Amalgamated Barrick shall be authorized to continue from the laws of Alberta to the laws of Ontario; and
- (e) at the time that a certificate of continuance for Amalgamated Barrick is issued by the Director under the OBCA, Amalgamated Barrick shall be discontinued from the laws of Alberta and become an extra- provincial corporation under the ABCA as if it had been incorporated under the laws of Ontario.

### **2.3 Effect of Continuance**

The effect of the continuance of Barrick as a corporation under the ABCA provided in Section 2.2(a) shall be as follows:

- (a) the property of Barrick (at the time it was governed by the OBCA) shall continue to be the property of Barrick;
- (b) Barrick shall continue to be liable for the obligations of Barrick (at the time it was governed by the OBCA);
- (c) any existing cause of action, claim or liability to prosecution of Barrick (at the time it was governed by the OBCA) shall be unaffected;
- (d) any civil, criminal or administrative action or proceeding pending by or against Barrick (at the time it was governed by the OBCA) may be continued to be prosecuted by or against Barrick;
- (e) any conviction against, or ruling, order or judgment in favour of or against, Barrick (at the time it was governed by the OBCA) may be enforced by or against Barrick; and
- (f) a holder of shares of Barrick shall not, by reason of the continuance, be deprived of any right or privilege that such holder claims under, or be relieved of any liability in respect of, any issued share of Barrick.

## **2.4 Effect of Amalgamation**

The effect of the amalgamation of Barrick and Placer Dome as one corporation provided in Section 2.2(c) shall be as follows:

- (a) Barrick and Placer Dome shall continue as Amalgamated Barrick;
- (b) the property of each of Barrick and Placer Dome shall continue to be the property of Amalgamated Barrick;
- (c) Amalgamated Barrick shall continue to be liable for the obligations of each of Barrick and Placer Dome;
- (d) any existing cause of action, claim or liability to prosecution of either Barrick or Placer Dome shall be unaffected;
- (e) any civil, criminal or administrative action or proceeding pending by or against Barrick or Placer Dome may be continued to be prosecuted by or against Amalgamated Barrick; and
- (f) any conviction against or ruling, order or judgment in favour of or against, Barrick or Placer Dome may be enforced by or against Amalgamated Barrick.

## **ARTICLE 3** **AMENDMENT**

### **3.1 Amendment**

- (a) Each of Barrick, Placer Dome and 1229605 reserves the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment, modification or supplement must be (i) set out in writing, (ii) approved by the others, (iii) filed with the Court, and (vi) communicated to the shareholders of Barrick, if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Barrick, Placer Dome or 1229605 at any time prior to the Barrick Meeting, with or without any other prior notice or communication, and, if so proposed and accepted by the persons voting at the Barrick Meeting, shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement which is approved or directed by the Court shall be effective only if it is consented to by 1229605, Placer Dome and Barrick.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by Amalgamated Barrick, provided that it concerns a matter which, in the reasonable opinion of Amalgamated Barrick, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement.

APPENDIX D

PETITION

Action No. 0603 03796

IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL DISTRICT OF EDMONTON

IN THE MATTER OF Section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended,  
and a proposed Arrangement involving Barrick Gold Corporation, Placer Dome Inc., 1229605 Alberta  
Ltd. and the shareholders of Barrick Gold Corporation

BARRICK GOLD CORPORATION,  
PLACER DOME INC., and  
1229605 ALBERTA LTD.

Petitioners

PETITION

TO: THE COURT OF QUEEN'S BENCH OF ALBERTA

TO: THE EXECUTIVE DIRECTOR OF THE ALBERTA SECURITIES COMMISSION

The Petition of 1229605 Alberta Ltd. ("1229605"), Barrick Gold Corporation ("Barrick") and Placer Dome Inc. ("Placer Dome") (collectively the "Petitioners") is as follows:

1. The Petitioner 1229605 is a body corporate governed by the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended (the "ABCA"). 1229605 is a direct, wholly-owned subsidiary of Placer Dome.
2. The Petitioner Placer Dome is a corporation incorporated under the *Canada Business Corporations Act*, R.S.C. 1985 c. C-44, as amended (the "CBCA"). Placer Dome is a direct, wholly-owned subsidiary of Barrick.
3. The Petitioner Barrick is a corporation existing under the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B.16, as amended (the "OBCA").
4. The Petitioners seek an Interim Order and directions of this Honourable Court under Section 193 of the ABCA relating to a meeting of the shareholders (the "Shareholders") of Barrick to consider a proposed arrangement (the "Arrangement") involving Barrick, Placer Dome, 1229605 and the shareholders of Barrick.
5. If the Interim Order is granted, and Shareholder approval is obtained in accordance with the terms of the Interim Order, the Petitioners intend to apply on May 8, 2006 at 9:00 a.m. to this Honourable Court under Section 193 of the ABCA for a Final Order approving the Arrangement.

WHEREFORE THE PETITIONERS REQUEST:

- (a) an Interim Order and directions as to the holding of a meeting of the Shareholders to vote upon the Arrangement, the giving of notice of such meeting and the return of this Petition for a Final Order, the conduct of the vote and similar matters as seem just and reasonable in the circumstances or such further or other Order as this Honourable Court may permit;
- (b) an Order that the registered Shareholders shall have the right to dissent from the Arrangement pursuant to Section 185 of the OBCA or, if elected, Section 191 of the ABCA;

- (c) subject to further Order of this Court and provided that the Shareholders have approved the Arrangement at the meeting in the manner set forth in the Interim Order, and provided none of the boards of directors of Barrick, Placer Dome and 1229605 has revoked its approval, the Petitioners may proceed with an application for a Final Order for approval of the Arrangement; and
- (d) such other further orders, declarations and directions as this Court determines are appropriate, including any order abridging the time required for service of this petition.

AND FURTHER TAKE NOTICE that the grounds upon which this petition is brought are as follows:

1. It is not practicable to effect the result contemplated by the Arrangement under any other provision of the ABCA, and the plan of arrangement meets the requirements of section 193 of the ABCA.

IN SUPPORT OF THIS PETITION will be read the Affidavit of Sybil Veenman, filed herein, and such further and other material as Counsel may advise.

DATED at the City of Edmonton, in the Province of Alberta, this 21<sup>st</sup> day of March, 2006, AND DELIVERED BY Fraser Milner Casgrain LLP, Solicitors for the Petitioners, whose address for service is in care of the said solicitors at Fraser Milner Casgrain LLP, Barristers and Solicitors, 2900 Manulife Place, 10180 – 101 Street, Edmonton, Alberta, T5J 3V5, Attention: Mr. Barry Zalmanowitz, Q.C.

ISSUED out of the Office of the Clerk of the Court of Queen's Bench of Alberta, Judicial District of Edmonton, this 22<sup>nd</sup> day of March, 2006.

(Signed)

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CLERK OF THE COURT OF QUEEN'S BENCH

**NOTICE**

**TAKE NOTICE** that counsel for the Petitioners intends to present this Petition to Chief Justice Wachowich in Chambers at the Law Courts, in the City of Edmonton, in the Province of Alberta, on Thursday, the 23rd day of March, 2006 at 9:30 a.m. for an Interim Order and, in the event an Interim Order is granted and subject to the terms of the Interim Order, to apply to the Court of Queen's Bench of Alberta on May 8, 2006 at 9:00 a.m. or at such later date as the Court may direct, for a Final Order.

**AND FURTHER TAKE NOTICE** that you are entitled to appear at the above noted time and place and to make representation.

**AND FURTHER TAKE NOTICE** that in support of this Petition will be read the Affidavit of Sybil Veenman and such other material as counsel may advise or the Court may require.

DATED at the City of Edmonton, in the Province of Alberta, this 21<sup>st</sup> day of March, 2006.

**FRASER MILNER CASGRAIN LLP**

Per: (Signed) *Barry Zalmanowitz*

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Counsel for the Petitioner

**ACTION NO. 0603 03796**

**2006**

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**IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL DISTRICT OF EDMONTON**

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**IN THE MATTER OF** Section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, and a proposed Arrangement involving Barrick Gold Corporation, Placer Dome Inc., 1229605 Alberta Ltd. and the shareholders of Barrick Gold Corporation

**BARRICK GOLD CORPORATION,  
PLACER DOME INC., and  
1229605 ALBERTA LTD.**

**Petitioners**

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**PETITION**

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FRASER MILNER CASGRAIN LLP  
2900 Manulife Place  
10180 – 101 Street  
Edmonton, Alberta  
T5J 3V5

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Solicitor: Barry Zalmanowitz, Q.C.  
Telephone: (780) 423-7344  
Facsimile: (780) 423-7276  
File: 125621-383

APPENDIX E

INTERIM ORDER

Action No. 0603 03796

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF EDMONTON

IN THE MATTER OF Section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, and a proposed Arrangement involving Barrick Gold Corporation, Placer Dome Inc., 1229605 Alberta Ltd. and the shareholders of Barrick Gold Corporation

**BARRICK GOLD CORPORATION  
PLACER DOME INC., and  
1229605 ALBERTA LTD.**

**Petitioners**

THE HONOURABLE CHIEF JUSTICE  
A.H.J. WACHOWICH  
IN CHAMBERS

) AT THE LAW COURTS  
) IN EDMONTON, ALBERTA  
) ON THURSDAY, MARCH 23, 2006.

**INTERIM ORDER**

UPON THE APPLICATION of 1229605 Alberta Ltd. ("1229605"), Barrick Gold Corporation ("Barrick") and Placer Dome Inc. ("Placer Dome"); AND UPON reading the Petition and the affidavit of Sybil Veenman sworn on March 21, 2006 (the "Affidavit"); AND UPON hearing counsel for Barrick, Placer Dome and 1229605; AND UPON noting that the Executive Director of the Alberta Securities Commission (the "Executive Director") has been given notice of this application as required by subsection 193(8) of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended (the "ABCA");

FOR THE PURPOSES OF THIS ORDER:

- (a) the capitalized terms not defined in this Order shall have the respective meanings attributed to them in the draft management proxy circular of Barrick (the "Circular"), which is attached as Exhibit B to the Affidavit of Sybil Veenman of Barrick; and
- (b) all references to "Arrangement" mean the Plan of Arrangement as described in the Affidavit and in the form attached as Schedule 1 to the Arrangement Agreement, which is attached as Exhibit A to the Affidavit.

IT IS ORDERED AND DECLARED THAT:

**General**

1. Barrick shall seek approval of the Arrangement by the holders of its common shares and the holder of its First Preferred Shares, Series C Special Voting Share (collectively, the "Common Shares") in the manner set out below.

**Meeting of Barrick Shareholders**

2. Barrick shall call, hold and conduct its annual and special meeting (the "Meeting") of the holders of Barrick Common Shares (the "Shareholders") on or about May 4, 2006 and, in any event, no later than

December 31, 2006 to, among other things, consider and, if deemed advisable, to pass, with or without variation, a special resolution approving the continuance of Barrick into Alberta and the Arrangement (the "Continuance and Arrangement Resolution") substantially in the form of the draft resolution attached as Appendix B to the Circular, and to conduct such other business set out in the Circular or as otherwise may properly be brought before the Meeting.

3. The Meeting shall be called, held and conducted according to the provisions of the *Business Corporations Act* (Ontario) ("OBCA"), the by-laws of Barrick (unless varied by this Order), the Circular, this Order, and the rulings and directions of the Chairman of the Meeting. To the extent of any inconsistency, this Order governs the Meeting.
4. The quorum at the Meeting shall be 2 persons present in person or by proxy and holding or representing not less than 20% of the total number of votes attaching to the issued shares of Barrick enjoying voting rights. If no quorum is present within 30 minutes of the appointed Meeting time, the Meeting shall stand adjourned to a date 7 to 30 days later, as determined by the Chairman of the Meeting. No notice of any adjourned Meeting is required and those persons present in person or by proxy entitled to vote at the adjourned Meeting (if at least 2 persons), will be a quorum for that Meeting.
5. The procedure for the use of proxies at the Meeting shall be as set out in the Circular.
6. Subject to the terms set out below, for the vote on the Continuance and Arrangement Resolution at the Meeting, a Shareholder shall be entitled to one vote for each Common Share with the exception of the holder of the First Preferred Shares, Series C Special Voting Share who shall be entitled to the number of votes equal to the number of exchangeable shares of Barrick Gold Inc. outstanding as of the record date for the Meeting which are not owned by Barrick or any subsidiary or affiliate thereof multiplied by 0.53.
7. Barrick may in its discretion waive generally the time limits for the deposit of proxies by Shareholders, if Barrick deems it advisable to do so.

#### **Record Date**

8. The record date for determining the registered Shareholders entitled to receive the Meeting Materials (as defined in paragraph 10 below) and vote at the Meeting shall be the close of business on March 16, 2006 (the "Record Date").
9. Any registered Shareholder as at the close of business on the Record Date, may attend the Meeting and vote at the Meeting, either in person or by proxy using the form of instrument of proxy provided by Barrick. The by-laws of Barrick and the OBCA will apply to persons who become registered Shareholders after the Record Date.

#### **Notice**

10. On or about March 31, 2006 and in any event, no later than 21 days prior to the day of the Meeting, Barrick shall mail or deliver in the manner set out in paragraph 11, to Shareholders on the Record Date, and to the directors and auditors of Barrick and to the Executive Director the following:

- (i) a Notice of Meeting of Barrick;
- (ii) the Circular;
- (iii) the Petition; and
- (iv) a copy of this Order (which may be attached as an appendix to the Circular),

(collectively, the "Meeting Materials") all in substantially the forms which are incorporated in Exhibit B to the Affidavit of Sybil Veenman, with such amendments as may be considered necessary or advisable (provided that such amendments are not inconsistent with the terms of this Order), together with instruments of proxy and such other material as Barrick may consider fit. This mailing or delivery shall constitute service of notice of the Petition, the Meeting and the hearing under the Petition for the Final

Order approving the Arrangement. Barrick shall not be required to make any other service on any other persons or of any other materials for these proceedings. In calculating the 21-day period, the date of mailing shall be included, but not the date of the Meeting.

11. The Meeting Materials shall be sent by one or more of the following methods:

- (i) in the case of the registered Shareholders (other than lost shareholders, being those Shareholders whose mailings have been returned to sender for three consecutive mailings), by electronic delivery, by pre-paid ordinary mail, by expedited parcel post, by courier or by delivery in person, addressed to each such holder at his, her or its address, as shown on the books and records of Barrick as of the Record Date;
- (ii) in the case of beneficial owners (as defined in National Instrument 54-101 — *Communication with Beneficial Owners of Securities of a Reporting Issuer*, adopted by the Canadian securities regulatory authorities) of Common Shares, by providing multiple copies of the Meeting Materials to intermediaries and registered nominees in a timely manner;
- (iii) in the case of the directors of Barrick, by electronic delivery, by pre-paid ordinary mail, by expedited parcel post, by courier or by delivery in person, addressed to the individual directors;
- (iv) in the case of the Executive Director, by pre-paid ordinary mail, by expedited parcel post, by courier or by delivery in person, addressed to the Executive Director; and
- (v) in the case of the auditors of Barrick, by electronic delivery, by pre-paid ordinary mail, by expedited parcel post, by courier or by delivery in person, addressed to the firm of auditors;

and that such mailing, delivery and distribution shall constitute good and sufficient notice of the Meeting upon such persons.

12. The accidental failure or omission on a *de minimis* basis to give notice of the Meeting to any one or more Shareholders or any other person, or any failure or omission to give notice as a result of events beyond the reasonable control of Barrick (including, without limitation, any inability to utilize, or delay caused by the use of, postal services) shall not constitute a breach of this Order or a defect in the calling of the Meeting and shall not invalidate any resolution passed or proceedings taken at the Meeting.

#### **Amendments and Revocation**

13. Barrick, Placer Dome or 1229605 may make such amendments, modifications or supplements to the Plan of Arrangement in accordance with the provisions thereof as such person may determine. Any such amendments, modifications or supplements, if so proposed and accepted by the persons voting at the Barrick Meeting, shall become part of the Arrangement for all purposes.
14. Barrick may decide, in its sole and absolute discretion, (a) not to put the Arrangement to a vote of its Shareholders, in which case no final order in respect of the Arrangement shall be sought, or (b) not to seek a final order in respect of the Arrangement, and in either case this Order shall cease to have any effect.

#### **Voting**

15. All Common Shares shall vote as a single class.
16. Each holder of a Common Share of Barrick will be entitled to one (1) vote per Common Share held and the holder of the First Preferred Shares, Series C Special Voting Share will be entitled to the number of votes specified in the articles of amendment of Barrick describing the voting rights of such share.
17. Subject to further order of this Court, the Continuance and Arrangement Resolution will be considered to have been adopted by the Shareholders upon approval by at least 66 2/3% of the votes cast by the Shareholders present in person or represented by proxy at the Meeting.



18. Only those Shareholders present or represented by proxy at the Meeting who are entitled to vote at the meeting pursuant to the provisions of the OBCA shall be entitled to vote at the Meeting and, for the purposes of the Meeting, any spoiled votes, illegible votes, defective votes and abstentions shall be deemed to be votes not cast.

#### **Dissent Rights**

19. In accordance with the terms of the Arrangement, registered holders of Barrick's common shares shall be entitled to a right to dissent from the continuance of Barrick into Alberta and the Arrangement, and seek fair value for their common shares from Barrick.
20. A Shareholder wishing to exercise its right to dissent may exercise such right of dissent in accordance with Section 185 of the OBCA or, if so elected by such Shareholder in the manner described in the Circular, in accordance with Section 191 of the ABCA, provided that in either case, such Shareholder strictly complies with the requirements of Section 185 of the OBCA or, if elected, Section 191 of the ABCA.

#### **Final Application**

21. Subject to further Order of this Court and provided that the Shareholders have approved the Arrangement at the Meeting in the manner set forth in this Order, and provided none of the boards of directors of Barrick, Placer Dome and 1229605 has revoked its approval, Barrick, Placer Dome and 1229605 may proceed with an application for a Final Order for approval of the Arrangement at 9:00 a.m. (Edmonton time) on May 8, 2006 at the Law Courts, Edmonton, Alberta or such time thereafter as counsel may be heard. Subject to the Final Order, and to the filing of the Articles of the Arrangement, Barrick, all Shareholders, Placer Dome and 1229605 will be bound by the Arrangement in accordance with its terms.
22. Service of the Petition, in accordance with paragraphs 10 and 11 of this Order, shall constitute good and sufficient service of such Petition upon all persons who are entitled to receive notice of such Petition pursuant to the Order and no other form of service need be made and no other material need be served on such persons in respect of these proceedings, unless a Shareholder or other interested party (collectively "Interested Party"), desiring to appear and make submissions at the application for the Final Order, files with this Court and serves upon Barrick and its counsel on or before 12:00 Noon (Edmonton time) on April 28, 2006, a Notice of Intention to Appear, setting out the Interested Party's address for service together with any evidence or materials which are to be presented to the Court. Service of such notice on Barrick shall be effected by service upon its counsel, Fraser Milner Casgrain LLP, Attention: Barry Zalmanowitz, Q.C. at the address set out on the back page of this Order.
23. If the application for Final Order for approval of the Arrangement is adjourned, only those parties appearing before this Court for the application for the Final Order and those Interested Parties serving a Notice of Intention to Appear in accordance with paragraph 22 of this Order, shall have notice of the adjourned date.

#### **Leave to Vary Interim Order**

24. Each of 1229605, Barrick or Placer Dome is entitled at any time to seek leave to vary this Order upon the terms that the Court may direct.

*"A.H.J. Wachowich"*

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C.J.C.Q.B.A.

ENTERED this 23rd day of March, 2006.

(Signed)

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Clerk of the Court of Queen's Bench

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**IN THE COURT OF QUEEN'S BENCH OF ALBERTA**

**JUDICIAL DISTRICT OF EDMONTON**

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**IN THE MATTER OF** Section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, and a proposed Arrangement involving Barrick Gold Corporation, Placer Dome Inc., 1229605 Alberta Ltd. and the shareholders of Barrick Gold Corporation

**BARRICK GOLD CORPORATION  
PLACER DOME INC., and  
1229605 ALBERTA LTD.**

**Petitioners**

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**INTERIM ORDER**

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FRASER MILNER CASGRAIN LLP  
2900 Manulife Place  
10180-101 Street  
Edmonton, AB T5J 3V5

Solicitor: Barry Zalmanowitz, Q.C.  
Telephone: (780) 423-7344  
Facsimile: (780) 423-7276  
File: 125621-383

## APPENDIX F

### SECTION 185 OF THE OBCA

185(1) Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,

- (a) amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;
- (b) amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;
- (c) amalgamate with another corporation under sections 175 and 176;
- (d) be continued under the laws of another jurisdiction under section 181; or
- (e) sell, lease or exchange all or substantially all its property under subsection 184(3),

a holder of shares of any class or series entitled to vote on the resolution may dissent.

- (2) If a corporation resolves to amend its articles in a manner referred to in subsection 170(1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in,
  - (a) clause 170(1)(a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or
  - (b) subsection 170(5) or (6).
- (3) A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,
  - (a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or
  - (b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986.
- (4) In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted.
- (5) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.
- (6) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent.
- (7) The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6).
- (8) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection.

- (9) A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights.
- (10) A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,
- (a) the shareholder's name and address;
  - (b) the number and class of shares in respect of which the shareholder dissents; and
  - (c) a demand for payment of the fair value of such shares.
- (11) Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.
- (12) A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section.
- (13) A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder.
- (14) On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,
- (a) the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);
  - (b) the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or
  - (c) the directors revoke a resolution to amend the articles under subsection 168(3), terminate an amalgamation agreement under subsection 176(5) or an application for continuance under subsection 181(5), or abandon a sale, lease or exchange under subsection 184(8),
- in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10), and the dissenting shareholder is entitled, upon presentation and surrender to the corporation or its transfer agent of any certificate representing the shares that has been endorsed in accordance with subsection (13), to be issued a new certificate representing the same number of shares as the certificate so presented, without payment of any fee.
- (15) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,
- (a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or
  - (b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.
- (16) Every offer made under subsection (15) for shares of the same class or series shall be on the same terms.
- (17) Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.
- (18) Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is

effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder.

- (19) If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow.
- (20) A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19).
- (21) If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders.
- (22) Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,
  - (a) has sent to the corporation the notice referred to in subsection (10); and
  - (b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made,

of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions.

- (23) All dissenting shareholders who satisfy the conditions set out in clauses (22)(a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application.
- (24) Upon an application to the court under subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders.
- (25) The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.
- (26) The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22)(a) and (b).
- (27) The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.
- (28) Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.
- (29) Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,
  - (a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or
  - (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

- (30) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that,
- (a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or
  - (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.
- (31) Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under subsection (4), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission.
- (32) The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation.

## APPENDIX G

### SECTION 191 OF THE ABCA

191(1) Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,
  - (b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,
  - (b.1) amend its articles under section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in section 15.2(1),
  - (c) amalgamate with another corporation, otherwise than under section 184 or 187,
  - (d) be continued under the laws of another jurisdiction under section 189, or
  - (e) sell, lease or exchange all or substantially all its property under section 190.
- (2) A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.
- (3) In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.
- (4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.
- (5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)
- (a) at or before any meeting of shareholders at which the resolution is to be voted on, or
  - (b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.
- (6) An application may be made to the Court by originating notice after the adoption of a resolution referred to in subsection (1) or (2),
- (a) by the corporation, or
  - (b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5),
- to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases to become liable for any new liability, act or default of the unlimited liability corporation.
- (7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.

- (8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder
  - (a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or
  - (b) within 10 days after the corporation is served with a copy of the originating notice, if a shareholder is the applicant.
- (9) Every offer made under subsection (7) shall
  - (a) be made on the same terms, and
  - (b) contain or be accompanied with a statement showing how the fair value was determined.
- (10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.
- (11) A dissenting shareholder
  - (a) is not required to give security for costs in respect of an application under subsection (6), and
  - (b) except in special circumstances must not be required to pay the costs of the application or appraisal.
- (12) In connection with an application under subsection (6), the Court may give directions for
  - (a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,
  - (b) the trial of issues and interlocutory matters, including pleadings and examinations for discovery,
  - (c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,
  - (d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,
  - (e) the appointment and payment of independent appraisers, and the procedures to be followed by them,
  - (f) the service of documents, and
  - (g) the burden of proof on the parties.
- (13) On an application under subsection (6), the Court shall make an order
  - (a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,
  - (b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,
  - (c) fixing the time within which the corporation must pay that amount to a shareholder, and
  - (d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.
- (14) On
  - (a) the action approved by the resolution from which the shareholder dissents becoming effective,
  - (b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or
  - (c) the pronouncement of an order under subsection (13),





whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

(15) Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

(16) Until one of the events mentioned in subsection (14) occurs,

(a) the shareholder may withdraw the shareholder's dissent, or

(b) the corporation may rescind the resolution,

and in either event proceedings under this section shall be discontinued.

(17) The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.

(18) If subsection (20) applies, the corporation shall, within 10 days after

(a) the pronouncement of an order under subsection (13), or

(b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares,

notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(19) Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or

(b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.

## APPENDIX H

### PROPOSAL SUBMITTED BY SHAREHOLDERS

Les Soeurs de Sainte-Anne du Québec and Comité Syndical National de Retraite Bâtirente have withdrawn a proposal concerning the Pascua-Lama Project and the potential impact on the water sources of the surrounding agricultural valleys in Chile and Argentina in recognition of Barrick's commitment to publish on its website by October 2006, a distinct report on how the Pascua-Lama project respects 1) the right to water, as described in the General Comment 15 by the Committee monitoring the Covenant on Economic, Social and Cultural Rights of the United Nations, 2) the precautionary principle, as defined in the Rio Declaration on Environment and Development, and 3) the IFC-World Bank guideline on public consultation and disclosure of information (OP 4.01). On point 1) the report will specifically address current and planned mitigation measures as well as plans to monitor water quality and how the project will impact access for water users in the valleys. On point 3) the report will describe how the company will continue to monitor community support all along the project life.

Barrick is engaging in dialogue with these shareholders and plans to work collaboratively to address their concerns in a constructive manner. Barrick has the primary responsibility to ensure that it complies with, or exceeds, all regulatory and legal obligations in the jurisdictions where it operates. As a leading global company, Barrick is also committed to applying, where appropriate, international standards and industry best practices which may exceed the local requirements.

The Chilean Government has in place a robust regulatory regime which ensures that projects developed under its authority meet the required environmental and social standards. These laws and requirements are in themselves largely based on international standards and locally acceptable practices. In the case of the Pascua-Lama Project, Barrick has complied with all Chilean regulatory requirements relating to environmental and social matters and surpassed them in a number of important areas, including environmental mitigation programs and stakeholder consultation. The Pascua-Lama Project has been designed to preserve the quality and quantity of water in the Huasco Valley. Multiple preventive mechanisms have been put in place to negate or mitigate any potential environmental impacts. An extensive program of community development, local procurement and local employment has been implemented to enhance the benefits to the local community.



**BARRICK**





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**PricewaterhouseCoopers LLP**  
**Chartered Accountants**  
PO Box 82  
Royal Trust Tower, Suite 3000  
Toronto Dominion Centre  
Toronto, Ontario  
Canada M5K 1G8  
Telephone +1 416 863 1133  
Facsimile +1 416 365 8215

### CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation in the Registration Statements on Form F-3 (File No. 333-14148) and on Form F-9 (File Nos. 333-120133 and 333-106592) of Barrick Gold Corporation and the Registration Statements of Form F-9 of Barrick Gold Finance Company (File No. 333-120133-01) and Barrick Gold Inc. (File Nos. 333-120133-02 and 333-106592-01) of our report dated February 21, 2006 relating to the consolidated financial statements, which appear in the Annual Report to Shareholders, which is contained in Exhibit 1 to this Form 6-K.

/s/ PricewaterhouseCoopers LLP  
Toronto, Ontario  
March 31, 2006

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and the other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.