

Barrick Gold Corporation

Address
 BCE Place, Canada Trust Tower
 161 Bay St., Ste. 3700
 Toronto, ON M5J 2S1, Canada

Investor Relations Contact
 Name of Person: Deni Nicoski
 Title: Vice President, Investor Relations
 Phone: (416) 307-7410

Web Site: <http://www.barrick.com/>

<p>Rating: "C" (Non-Compliant)</p> <p>New Report Upgrade No Change <u>Downgrade</u></p>

<p>Ticker: ABX Exchanges: Toronto Domicile Market: Canada Sales (\$ millions): 6,332 2007 Net Income (mil.): 1,119</p>	<p>Industry: Precious Metals Mining & Processing Number of Employees: 11,900 12-month Employee Growth Rate: not available 1-Year Sales Growth: 12.3% 1-Year Net Income Growth: not available</p>
--	--

Company Overview

Operations

Barrick Gold became the world's number one gold producer (ahead of Newmont Mining and AngloGold Ashanti) after acquiring Placer Dome in 2006. Barrick produces 8 million ounces of gold annually and has 120 million ounces in proved and probable reserves. Close to half of the company's production comes from its North American operations, which include the 9,900-acre Goldstrike property, located in Nevada's Carlin Trend gold-producing region. Its properties outside of North America include projects in Tanzania, Peru, and Australia. With the acquisition of Placer Dome came significant copper mining operations; Barrick controls more than 6 billion pounds of copper reserves.

News & Updates

In January 2009 New Brunswick's The Telegraph Journal reported that the environmental controversy surrounding a Barrick Gold mine in Papua New Guinea has led the Norwegian government to pull out of its \$200-million investment in the company. This was after an ethical review by the country's public pension fund. Norwegian Finance Minister Kristin Halvorsen said Barrick is "causing severe environmental damage" at its Porgera mine. The Norwegian government's Council on Ethics said the move was prompted by the "risk of accumulation and buildup of heavy metals, especially mercury, in the environment. Pollution from the Porgera mine will potentially have serious negative consequences for human life and health." The panel assessing Barrick concluded that its Porgera operation "entails an unacceptable risk of extensive and irreversible damage to the natural environment" and that the company's "riverine disposal practice is in breach of international norms." The ethics body ruled that "the company's assertions that its operations do not cause long-term and irreversible environmental damage carry little credibility." They added: "This is reinforced by the lack of openness and transparency in the company's environmental reporting. Considering the intentions presented by the company with regard to production expansion, the council finds reason to believe that the company's unacceptable

practice will continue in the future."

In October 2008 Barrick Gold reported that in collaboration with Teleton, it will help to assist the most impoverished communities in northern Chile's Atacama Region. The company and its partners will implement a series of targeted programs and initiatives to improve housing and education for people living in poverty, provide services for disabled children and support socio-economic development in the region.

In October 2008 Mark Curtis and Tundu Lissu issued a report titled *A Golden Opportunity? How Tanzania is failing to benefit from gold mining*. They assert that while gold mining is the fastest growing sector of Tanzania's economy, ordinary Tanzanians are not benefiting from this boom both because the government has implemented tax laws that are overly favorable to multinational mining companies and because of the negative practices of these companies, including Barrick Gold.

In September 2008 Le Figaro reported that 8 gold miners were killed in a Barrick Gold mine in northern Tanzania.

In July 2008 Barrick Gold initiated a project in collaboration with Tanzania Medical Students Association, to empower villagers with knowledge and skills of diagnosing and preventing the spread of communicable diseases.

In May 2008 the Las Vegas review reported that three men were killed in separate incidents in an eight-month span at the Getchell mine in Humboldt County Nevada. Their deaths broke a 10-year span during which the mine hadn't had a fatality. Barrick Gold Corp. operates the joint venture, and has a 75 percent interest in it. One death remains under investigation. The U.S. Mine Safety and Health Administration blamed inadequate management procedures and controls in the two other deaths.

In April 2008 the Globe & Mail reported that a libel threat issued against a small Montreal publishing house by Barrick Gold Corp has delayed the launch of a book accusing the company of being complicit in the deaths of more than 50 Tanzanian miners in 1996. Barrick threatened a lawsuit after learning about the book. The book, called *Canada Noir: Pillage, Corruption et Criminalité en Afrique*, blames the company for an atrocity in which the miners were allegedly buried alive. Soon after the Globe & Mail report Canwest News Service reported that the publishing house will go ahead as planned despite the threat of libel lawsuit.

In 2008 Barrick spent about \$800 million to buy Arizona Star Resources, the prime attraction of which was Arizona Star's 51% stake in the Cerro Casale gold project in Chile, which is among the world's largest undeveloped gold and copper prospects. Also in 2008, the company spent \$1.7 billion for the remaining 40% of the Cortez mining property in Nevada.

Corporate Responsibility Commitments	Adoption
Code of Conduct/Code of Ethics	YES
Human Rights Policies	YES
Environmental Policies	YES
Health and Safety Policies	YES
Community Investments	YES
International Labor Organization (ILO) Principles:	
• Freedom of Association and Collective Bargaining	YES
• Elimination of Forced and Compulsory Labor	YES
• Elimination of Workplace Discrimination	YES
• Abolition of Child Labor	YES

UN Global Compact	YES
Carbon Disclosure Project	YES
Note: These principles are outlined on the company's labor and human rights webpage, not in the company's code of ethics.	

Labor, Human, Environmental & Stakeholder Rights

Company Record

Barrick Gold professes a strong commitment to social responsibility and company policies appear exceptional in this area. Barrick's Corporate Social Responsibility Charter outlines the company's commitment to business ethics, the environment, employee health and safety, and community development – taking into account social (including labor and human rights), cultural (e.g., indigenous peoples), environmental (e.g., biodiversity management and protection), governmental and economic factors when evaluating project development opportunities. The company publishes an annual Responsibility Report that describes activities and achievements in these areas. Barrick's Environmental Management System Standard (EMSS), was developed in 2005 and is designed to be consistent with, and go beyond ISO 14001, according to the company's website. The ISO 14000 environmental management standards exist to help organizations minimize how their operations negatively affect the environment (cause adverse changes to air, water, or land) and comply with applicable laws and regulations. ISO 14001 is the international specification for an environmental management system (EMS).

The company has also implemented the International Cyanide Management Code, a voluntary standard developed by the United Nations Environment Program to minimize the environmental damage caused by using cyanide to extract gold from ore. And in 2007, Barrick Gold was added to the Dow Jones Sustainability Index for the first time, ranking the company as "best-in-class" for its ongoing commitment to sustainability. Also in 2007 the company announced a \$1.3 million five-year commitment to World Vision Canada to develop nutrition, employment, and educational programs to benefit communities in Northern Peru near the company's Lagunas Norte mine. Additionally, Barrick works with community-based organizations, local governments and NGOs to implement a range of multi-faceted HIV/AIDS, TB and malaria programs tailored to address local needs and priorities. The company, along with one of its subsidiaries, was also cited in a report outlining "Best practices in HIV/AIDS prevention in the workplace."

Nevertheless, the company's controversial projects are a major concern. At one point Barrick proposed to "relocate" three glaciers on the border between Chile and Argentina – a major source of water for the local communities – for its Pascua Lama mine. Government intervention has since required Barrick to revise its plans. Though the company has policies addressing the rights of indigenous peoples, a 2007 report by *Ethical Investment Research Services* claims that Barrick Gold is not doing enough to address indigenous rights issues. In July 2007, protestors in Chile blamed the company's gold and silver Pascua Lama Project in the Andes Mountains for displacing indigenous people, polluting rivers and damaging three glaciers. The company denied the charges. A committee of lawmakers from Chile's chamber of deputies is studying the accusations. The company agreed in 2005 to pay US\$60 million over 20 years to benefit residents affected by the construction of the open-pit mine, which sits on the border between Chile and Argentina. This money was to be given to community development projects and was to be dispersed by a special elected board of landowners.

Barrick Gold, along with AngloGold and Newmont Mining, was cited in a book titled *Black Gold* recently published in collaboration with Oxfam France-Agir and a campaigning group called *Survie* (Survival) on gold-mining giants in Africa. The author claims that gold serves to finance armed movements as in the Democratic Republic of Congo, and the mining of the resources has lead to an "ecological and health time-bomb and [has] failed to help local people out of poverty."

In 2007, the United Nations Committee on the Elimination of Racial Discrimination (CERD) told

Canada that it must rein in Canadian corporations operating on Indian land in the United States in response to a petition filed by the Western Shoshone Defense Project. The petition targets Barrick Gold especially. A Canadian government Advisory Group is laying out recommendations for a Corporate Social Responsibility framework of good conduct for Canadian mining, oil and gas companies operating abroad. If implemented, the CSR framework would establish standards and reporting obligations for Canadian companies.

In May 2007, indigenous landowners of Porgera in Papua New Guinea, blockaded a company mine and brought the enterprise to a halt, declaring it to be a “disaster area.” They accused Barrick Gold of ruining crops and denying them adequate replacement land. In 2006, MiningWatch Canada reported that Papua New Guinea’s Government created an investigative committee to “inquire and report to the Government on the incidence and causes of injuries and deaths at the Porgera mine site,” though the investigation’s Terms of Reference are now squarely focused on examining all aspects of alleged “unauthorized gold mining” – much to the disappointment of community leaders. Years of complaints by local indigenous villagers that people were being shot and killed by the mine’s security forces spurred the investigation. The mine is operated and 75% owned by Placer Dome Niugini, a subsidiary of Barrick Gold Corp. Earlier that year, the company admitted to eight killings by its security forces. Local villagers put the numbers much higher. In addition to killings, villagers have reported rapes by security forces as well as injuries – some leading to death – of people, including children, in dangerous parts of the mine that are not fenced off from nearby villages.

In 2007 *CorpWatch* published a 28-page report detailing the company’s operations in nine different countries and alleging numerous environmental, human rights, and workers’ rights violations on Barrick’s part. The report focuses on the efforts on the part of the communities to seek justice from this company. Barrick responded aggressively with a point-by-point refutation of the major allegations.

The Ministry of Energy and Mining in Peru says that 25 of the 27 major mining companies with juridical stability contracts – among them Barrick Gold – do not pay royalties.

Geographic Analysis

Operations By Region

Barrick Gold has mining and development projects in Australia, Africa, North America, and South America.

Sales: South America 37%, North America 32%, Australia/Pacific 24% Africa 7%

Operations in Sensitive Countries

The company does not operate in countries that are on the AFL-CIO Country Watch List. Countries on this list are either lacking labor legislation that recognizes fundamental worker rights or they have labor legislation, but it is not enforced. Nevertheless, clearly Barrick Gold operates in sensitive countries such as Chile and Tanzania.

External Perceptions

Union & Employee Relations

In October 2007, production at the Bulyanhulu gold mine in Tanzania halted when 1,971 workers walked off the job. The company termed the walk-off an “illegal” strike and claimed it had to fire about half of the mine’s work force. A spokesperson for Barrick said the union representing workers had called the strike without informing management despite having reached a mediated agreement with the company on terms for labor discussions. The spokesperson also said that if the remaining employees did not show up, they would also be

terminated, but that fired employees would have the chance to reapply for their jobs. In November, the Tanzania Mines and Construction Workers Union (TAMICO) representing the workers claimed it would go to court to stop Barrick from hiring miners before striking workers' concerns were heard by a mediator. Among workers' complaints were inequalities in salaries between foreign and local workers and non-payment of health and risk allowances and bonuses to local workers. The union says its strike is legal and it would continue until its demands were met.

In a 2005 International Federation of Free Trade Unions report, the *Barrick Misquichilca S.A.* mining company, owned by Barrick Gold, was reported to have shown hostility toward its union, *Sindicato Unico de Trabajadores y Empleados de la Minera Barrick Misquichilca S.A.* According to the report, union members were offered incentives such as promotions and pay rises to leave the union, while others were verbally harassed by supervisors. When the union submitted its list of demands in June of that year, it soon became clear that the employer was not prepared to negotiate an already decided pay rise, nor give any guarantees of job security. The company did not wish to go beyond the small pay rise it had decided unilaterally at the beginning of the year. Nor was it prepared to give any guarantees of job security. Workers at the Pierina mine wanted assurances that they would remain in their jobs when work moved to the Alto Chicama project. The company's response was that they could remain in employment if they renounced their union membership. Barrick notes that it "continues to work in collaboration with labor unions at a number of its operations," but it is not clear whether its employees are actually members of these unidentified unions.

Corruption & Litigation

A number of studies, along with Canadian human rights and church groups have cited Placer Dome Incorporated (now a subsidiary of Barrick Gold) for their record of environmental destruction and lack of transparency in the Philippines. Studies have shown high concentrations of poisonous metals, such as mercury and lead, in a local bay. Philippine health authorities have also found high concentrations of lead in children and adults' living in the island's fishing villages. The Philippine authorities want to move communities in danger of contamination away from the polluted bay, but lack funding to do so. They're suing Barrick, seeking compensation for the environmental damage done to the island. Barrick has said it will vigorously oppose the claims against it.

Barrick Gold and/or its subsidiaries face ongoing litigation in the U.S., South America, the Philippines, and Australia over land claims, exposure to hazardous substances, environmental and social damages, and First Nation land rights.

Summary Analysis

Like most companies in the resource extraction industry, Barrick Gold faces a number of allegations concerning human, labor and environmental rights. Some of these are more credible than others. What is worrisome, however, is that since we last reported on the company in February 2008, negative reports on the company continue to surface. Recently, the Norwegian government has divested from Barrick Gold, stating that it "finds reason to believe that the company's unacceptable practice will continue in the future." We acknowledge the company's very comprehensive CSR policies. But the problem for the company is that despite its stated commitment to a CSR agenda, the list of human rights and environmental allegations keeps growing. In light of this, there seems to be a sharp disconnect between what Barrick Gold professes to be doing to shareholders with its actual record on the ground. As such we have chosen to downgrade Barrick Gold to a C "non-compliant" status.

~ Published February 6, 2009 ~