

John Tumazos Very Independent Research, LLC
11 Yellow Brook Road, Holmdel, NJ 07733
732 444 1083 or 732 740 3574 (cellular)
john@veryindependentresearch.com or
johntumazos@comcast.net or tumazos@monmouth.com

August 5, 2007 @ 10 pm

Note: this report is issued solely by John Tumazos, and is not published or in any way sponsored by or the responsibility of Prudential Equity Group, LLC. Any use of the word “we” refers to John Tumazos Very Independent Research, LLC and not Prudential Equities Group now shut down.

Complimentary Report Not Intended for Compensation

BARRICK GOLD (ABX \$33.21, raised to OVERWEIGHT) PRICE TARGET RAISED TO \$40 FROM \$30 AND RATING TO OVERWEIGHT FROM NEUTRAL WEIGHT OWING TO FAVORABLE EXPLORATION, EARNINGS AND VALUATION TRENDS

- For several years large capitalization gold shares have risen little as the general stock market and gold prices rose, which compressed the ABX P/E valuation both in absolute terms and relative to the broad stock market. Some traditional gold investors bought bullion ETFs rather than common stocks, and many newfound metals investors make no differentiation among companies or metals in manner we term “the blurr.” Barrick Gold trades near 15 times 2007 earnings adjusted to exclude one-time hedge covering charges, or about the same valuation as “non-scarce, no-barrier-to-entry” industries like aluminum, steel or titanium or the broad stock market. We term this undervaluation as a “triple opportunity” as the ABX shares are worth buying, it contemplates share repurchases and it can buy smaller gold mines for cash as their common shares languish.
- We are very encouraged that Barrick Gold increased its exploration and feasibility budget to \$415 versus \$290 mm in 2006 due to exploration success in the Dominican Republic, the 37.5%-owned Baluchistan copper-gold project and the 60%-owned Cortez projects in Nevada. ABX has at least ten designated exploration and development projects, and our confidence is increasing that it will increase reserves and resources perhaps 5% to 15% each netting after output in 2007.
- We are encouraged at actual June 2007 earnings of \$0.46 as reported or \$0.54 per share before hedge penalties.
- Scenarios exist in the near-term in which gold prices could rise. The U.S. dollar continues to weaken, U.S. interest rates have fallen under 5% cutting the returns of paper assets, credit worries ravage the stock market, crude oil made highs, physical bullion demand improves as year-end holidays comprise 40% of normal jewelry demand in the fourth-quarter, any Musharraf demise could give extremists nuclear capability and the likely U.S. phasedown in Iraq could encourage chaos. Possible diminution of the federal deficit if Democrats raise taxes and pull out of Iraq or a

flattening of the trade deficit if exports rise as the U.S. stagnates are the ONLY “less than ecstatic” gold market trends. We are raising our gold price estimates for 2008 to 2010 to \$650 from \$625 in 2008 and from \$575 in 2009-10.

- We raised our earnings estimates accordingly using \$650 long-term gold, \$2.00 copper and about 7.7 mm oz of long-term average gold output providing little “new project upsides” to 2012 and using \$500 average direct costs in Australia and current levels elsewhere. We increased 2007 to \$1.22 from \$1.05 after hedge charges, 2008 to \$1.80 from \$1.64, 2009 to \$1.67 from \$1.25, 2010 to \$1.55 from \$1.11, 2011 to \$1.83 from \$1.23 and 2012 to \$1.82 from 1.22 per share.

REGIONAL DOMINICAN REPUBLIC EXPLORATION OPPORTUNITIES

Barrick Gold completed “condemnation drilling” necessary to “sterilize” locations intended for offices, mills, truck shops, tailings disposal or other infrastructure. Man does not know all the ways that God puts gold in particular places, and such drilling is a wonderful device since “the best place to find a gold mine is next to a gold mine.”

The Monte Oculito discovery virtually next to the Monte Negro planned pit appears encouraging with four intercepts ranging from 27 to over 100 meters and from 2 to 4 grams per metric tonne of gold.

Barrick has drilled over 100 holes that appear to double the area of mineralization of the prior Placer Dome 2005 deposit. The ABX drilling suggests a northwest trending 1 by 3 km almost megapit with grades ranging from 2 to 6 grams per tonne over thicknesses of 25 to 100 meters. It is possible that the ore reserve could DOUBLE over several years and the stripping ratio FALL as the prior Placer Dome pits “join up.”

On July 30th we met with Eurasian Minerals, a company with many “off the beaten path” projects led by former Newmont Mining geologists. It holds a property in eastern Haiti that it describes “on strike” to the west with Barrick Gold’s Pueblo Viejo. Eurasian enjoys a 1,000 foot long trench with average values of 1.7 grams per tonne or over 0.05 oz per ton in gold. Those surface values are likely to be simpler oxides amenable to heap leaching. While it may not have the complex metallurgical character or zinc values of Pueblo Viejo, it is a good indicator of “regional” exploration opportunities within a 50 to 100 mile perimeter.

REKO DIQ DRILLING CONSISTENTLY GOOD IN THREE ZONES

Partners Antofagasta PLC and ABX have drilled 23 “rows of holes” or “fences” in the H14 and H15 zones. The property hosts upwards of 25 “pods” or deposits or targets of which H14, H15 and Tangeel appear more promising.

The previous owner defined a 2 billion tonne “resource” grading near 0.6% copper and over 0.4 grams per tonne gold. The past year has seen innumerable holes ranging from 400 to 1,000 meters from surface of very similar mineral values. There appear to be someone massive, homogenous porphyry mineralization similar to those seen in the Southwestern U.S. or Andean regions, except that the Reko Diq zones enjoy gold.

It is difficult to differentiate between “infill” drilling to document prior discoveries and “stepout” new discovery drilling based on the limited disclosure. Partner Antofagasta PLC coyly comments, “The resource should grow.” Much documentation would be needed to expand from 2 to 3 billion tonnes, and upgrade the resource to a reserve. More would be needed to expand it towards a 4 billion tonne reserve. The situation is promising, but it will require much documentation to quantify how promising.

50%-OWNED KABANGA

Partner Xstrata is operating and funding a \$50 mm exploration program. ABX observed industry etiquette silently, and will permit its partner to report on this progress. There is a possibility that the project with near 2.7% nickel may move straight from pre-feasibility to construction.

This project has three particular virtues - - the 2.7% grade, the Tanzanian venue unfamiliar to global environmental groups and Xstrata’s surplus mill, smelter and refinery capacity in Canada for which it urgently seeks new sources of extra feed as it continues to explore in Sudbury, Ontario. Xstrata may choose to ship a concentrate directly from Tanzania to Sudbury, Ontario, and bypass large portions of capital spending, metallurgical pilot plant testing and related planning.

QUANTIFYING POTENTIAL EXPLORATION SUCCESS

The increase from \$291 mm last year to \$415 mm this year in exploration, feasibility study and related research is difficult. Perhaps \$10 mm involves zinc metallurgical testing at Pueblo Viejo, for example. Perhaps \$30 to \$60 mm involves mining industry inflation.

Some of the exploration success may be expressed in zinc from Pueblo Viejo, copper at Reko Diq, nickel at Kabanga, platinum group minerals in Russia or South Africa or silver within Pueblo Viejo or other properties. We expect Barrick’s polymetallic virtues to grow more evident in the next two years.

The use of a higher gold price, copper price, silver price or other economic criteria may benefit the 2007 reserve calculation. However, Barrick is a relatively conservative and rigorous mining company that tends to avoid “marginal”, high cost or otherwise lousy properties that ebb and flow with metals prices. An example would be Barrick’s decision not to pursue the Cerro Casale lower grade copper and gold deposit in Chile that Placer Dome had evaluated for over a decade and Kinross Gold now considers.

Table 1: Barrick Gold Earnings Model (\$ Mil.)

| | 2003 | 2004 | 2005 | 2006 | 2007E | 2008E | 2009E | 2010E | 2011E | 2012E |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Gold Sales | 1,974 | 1,822 | 3,557 | 4,312 | 5,289 | 5,467 | 4,963 | 4,609 | 5,054 | 5,022 |
| Silver Sales | 51 | 102 | 103 | 173 | 180 | 168 | 396 | 384 | 384 | 384 |
| Copper and molybdenum sales | | | 520 | 1,152 | 1,265 | 1,066 | 820 | 997 | 997 | 997 |
| Other Revenues | 10 | 8 | 8 | | | | | | | |
| Total Revenues | 2,035 | 1,932 | 4,188 | 5,636 | 6,734 | 6,700 | 6,179 | 5,990 | 6,436 | 6,403 |
| Production Costs | 1,134 | 1,071 | 2,419 | 2,736 | 3,184 | 3,129 | 2,893 | 2,836 | 2,892 | 2,854 |
| Depreciation | 522 | 452 | 656 | 735 | 902 | 826 | 694 | 712 | 762 | 758 |
| SG&A | 83 | 71 | 139 | 142 | 140 | 145 | 145 | 150 | 155 | 160 |
| Exploration Expense | 137 | 141 | 291 | 290 | 415 | 415 | 420 | 425 | 435 | 445 |
| Interest Expense, net | 44 | 19 | 98 | 126 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Expense (Income) | (107) | 133 | 5 | 47 | (67) | 100 | 100 | 75 | 75 | 75 |
| Pretax Income | 222 | 45 | 580 | 1,560 | 2,160 | 2,085 | 1,926 | 1,792 | 2,116 | 2,111 |
| Income Taxes | (5) | 203 | (85) | (348) | (540) | (521) | (482) | (448) | (529) | (528) |
| After-Tax Charges | (17) | | (6) | 294 | (563) | | | | | |
| Net Income | 200 | 248 | 489 | 1,506 | 1,057 | 1,564 | 1,445 | 1,344 | 1,587 | 1,583 |
| Avg. Shares Out | 539.0 | 534.0 | 857.9 | 855 | 866.0 | 866.5 | 867.0 | 867.5 | 868.0 | 868.5 |
| EPS | 0.37 | 0.46 | 0.57 | 1.76 | 1.22 | 1.80 | 1.67 | 1.55 | 1.83 | 1.82 |
| CFPS | 1.09 | 0.83 | 0.93 | 2.49 | 2.11 | 2.61 | 2.33 | 2.24 | 2.55 | 2.54 |
| Dividends per Share | 0.22 | 0.22 | 0.22 | 0.22 | 0.22 | 0.22 | 0.22 | 0.22 | 0.22 | 0.22 |
| BVPS | 6.48 | 6.67 | 14.70 | 16.61 | 17.40 | 18.97 | 20.41 | 21.72 | 23.32 | 24.91 |
| | 2003 | 2004 | 2005 | 2006 | 2007E | 2008E | 2009E | 2010E | 2011E | 2012E |
| Total Gold Production (000 oz) | 5,510 | 4,958 | 9,107 | 8,643 | 8,250 | 8,410 | 7,635 | 7,091 | 7,776 | 7,726 |
| Total Copper Production (mm) | 425 | 413 | 359 | 367 | 395 | 352 | 352 | 499 | 499 | 499 |
| Total Silver Production (mm c) | 17 | 23 | 15 | 15 | 15 | 14 | 33 | 32 | 32 | 32 |
| Hedged Gold Price (\$/oz) | 340 | 399 | 330 | 331 | 340 | 350 | 361 | 372 | 383 | 394 |
| Hedged Gold Ounces (000) | 4,120 | 1,750 | 20,000 | 12,300 | 9,500 | 8,567 | 7,633 | 7,633 | 7,633 | 7,633 |
| Hedge Exercised | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Estimated open market Gold Pr | 365 | 410 | 440 | 600 | 675 | 650 | 650 | 650 | 650 | 650 |
| Avg Realized Gold Price (\$/oz) | 363 | 391 | 439 | 541 | 641 | 650 | 650 | 650 | 650 | 650 |
| Avg Silver Price (\$/oz) | 4.65 | 6.00 | 6.90 | 11.50 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| Avg Realized Copper Price (\$/lb) | 0.80 | 1.29 | 1.52 | 3.06 | 3.20 | 3.03 | 2.33 | 2.00 | 2.00 | 2.00 |

Source: Company Reports; JT Very Independent Research, LLC Estimates

We expect the 2006 year-end reserve of 123 mm oz of gold before recovery losses to grow significantly in 2007, but we cannot pinpoint a specific value range between a 5% and a 15% range. We expect the resource calculations to increase at least as much as the reserves.

UNCERTAINTIES CONCERNING ORE GRADE OR EXPLORATION OUTLAYS THAT INFLUENCE VALUATION OF COMMON STOCK

Barrick characterizes 2007 as a “below average” ore grade year for several of its operations in Nevada, Peru, Argentina and elsewhere. It is important to avoid placing too much attraction to the Barrick Gold P/E ranging between 15 and 20 earnings if ABX enjoys a super high grade year.

The current modest P/E pays nothing in anticipation of an ore grade rebound, nothing for up to 10 new mines under evaluation and does not “add back” the \$415 mm of pretax exploration and evaluation expense of new projects that approaches \$0.35 per share.

REMAINING MARK-TO-MARKET ON “PROJECT” HEDGE BOOK

The 9.5 mm oz “project hedge” book at over a \$300 per oz negative spread represents close to a \$3 billion liability. Barrick has been silent concerning this portion of its hedge exposure as ABX covered the remainder. There is a possibility ABX nibbles away at expending cash to close out portions of this or delivers some current production to reduce it. The ABX management is alert, and realizes that the market value of its equity suffers a penalty from even this reduced exposure.

SPECIFICS OF EARNINGS ESTIMATE REVISIONS

We raised our 2008 copper market estimate to \$3.00 from \$2.75 and stayed thereafter at \$2.00, stayed at \$675 for open market gold in 2007, raised future gold prices to \$650 from \$625 in 2008 and \$575 thereafter, raised Australian costs to \$500 forever, kept most worldwide costs otherwise near current levels, raised explo and development costs to \$415 mm, changed tax rate to 25%, cut net interest expense to zero and made “other expense” about \$100 mm going forwards.

We increased 2007 to \$1.22 from \$1.05 after hedge charges, 2008 to \$1.80 from \$1.64, 2009 to \$1.67 from \$1.25, 2010 to \$1.55 from \$1.11, 2011 to \$1.83 from \$1.23 and 2012 to \$1.82 from 1.22 per share.

We believe our 7.7 mm oz long-term average output, failure to factor in Pueblo Viejo zinc, platinum in Russia or South Africa, nickel in Tanzania, Donlin Creek gold in Alaska or copper-gold in Pakistan is highly conservative. We factor in \$415 mm in explo and development outlays without the benefits. However, projects tend to take longer to get into production, as the 15 year Odyssey at Pascua demonstrates, and there probably will be delays here and there.

INVESTMENT VIEWPOINT AND PRICE OBJECTIVE

We rate Barrick Gold Overweight with a price target of \$40 per share based on 20 to 25 times average 2008 to 2013 earnings estimates at \$650 per oz gold price forecasts and \$2.00 copper after 2009. We also

note that proven and probable reserves estimated at \$475 gold (before recovery losses and \$100 lower price basis than AngloGold) were steady at 123 mm oz down 1 mm oz adjusted for the sale of the 50% stake in South Deeps. Reserves would grow 10 mm oz at a \$100 per oz higher price. Silver reserves are 964 mm oz. The 60 mm oz non-reserve mineralization appears greatly understated. Surface outcrops at 37.5%-owned Reko Diq in Pakistan have been drilled to 900 meter thick homogenous findings of 0.6% copper with about 0.45 grams per tonne gold or 13 pounds of copper and one-60th ounce of gold per tonne before recovery loss. Potential to double 48%-owned Pueblo Viejo in the Dominican Republic exists. Numerous excellent exploration opportunities exist.

RISKS

Risks to our investment thesis include the gold price, which could hurt results on the downside, but should it spike would increase Barrick's mark-to-market loss on its hedge book, hurt investor psychology and could require the company to deliver into its hedges at a large opportunity cost, for which the stock market might discount the stock. Future results, including detailed geological and metallurgical analysis, from the exploration activities may not turn out to be favorable. Other risks include ore grades, permitting issues, currency shifts and the weaker dollar as it increases production costs in Australia, as well as weak jewelry demand, reserve replacement, and other various operating issues, which could be a negative to costs.

CHANGE IN THIS RESEARCH OPERATION

This report reflects an initiation of research coverage by JTVIR, LLC. In no way shape or form should it be misconstrued as involving PEG, which shut down on June 6, 2007 as noted. The continuation of that same quarterly or full year earnings estimate for 2007 as JTVIR, LLC should not be construed or mistaken to involve PEG, which shut down on June 6, 2007. Certain data, such as the logic of the earnings model, are similar owing to the same primary author, but this coverage initiation herein involves a different entity and no employment or affiliation with the former Prudential Equity Group, LLC.

DISCLOSURES

“John Tumazos Very Independent Research, LLC” (JTVIR) is a Delaware Corporation with pending registration as an investment advisor in the state of New Jersey owing to our place of business in New Jersey.

JTVIR is not a broker-dealer, and conducts no trades. Its primary business is to provide “unbundled” metals and paper industry securities and market research to institutions or corporations in a zero commission, electronic execution, electronic dissemination, unbundled format for a specified annual fee structure.

Our investment rating system for securities recommendations is Overweight, Neutral Weight or Underweight. Overweight or Underweight recommendations are estimated to vary from the relative performance of the S&P 500 by more than 10% annually, and the intended time horizon is up to 24 months. Our securities research is intended for institutional investors that might buy up to 10% of a given company, and as such focuses more towards longer-term dynamics impacting the net present value of future cash flows rather than “day trading” sorts of near-term issues.

Neither JTVIR, its members or its employees own or have a financial interest in any securities discussed in this report. Our policy is full disclosure.

Our policy permits personal trading in the metals or paper industries, though no positions were taken in companies within regular research coverage after July 2001 after joining Prudential Financial and until after one month of completed New Jersey registration of JTVIR. Our policy is that any personal trading must be consistent with our recommendation, made two business days or more AFTER a recommendation or change in recommendation and held for a minimum of 30 days or one month. We believe it is virtuous for a securities analyst to “put his or her money where his mouth is” to invest consistent with the recommendation to clients after such recommendation has been made, and we disagree with some restrictions made upon broker-dealer employees after 2000 era scandals.

Our policy permits up to three directorships and up to five consulting projects, advisory assignments or financial advice to corporations that might supplement, backcheck or substitute for certain services of a large investment banking firm. For example, we would accept an engagement to evaluate investment banking advice on behalf of a manufacturing company concerned whether advice is sincere or intended to maximize fees. Currently no such relationships exist.

Our policy is full disclosure of any advisory relationship or conflict going back three years. None currently exist.

Numerous prior investment banking relationships existed prior to three years history to the pre-1997 time frame under the employment of Donaldson, Lufkin and Jenrette or Oppenheimer & Co., Inc. Some of these we can recollect included 14 different gold mine valuations or sales for Barrick Gold, LAC Minerals (later acquired by Barrick), Addington Resources (gold assets in Montana acquired by Canyon Resources), Westworld Industries (Bolivian assets acquired by Battle Mountain Gold later acquired by Newmont Mining), Coeur d’Alene Mines, Crown Resources (acquired by Kinross Gold), Freeport-McMoRan Gold (acquired by Minorco later AngloGold later Queenstake Resources), FMC Gold (later renamed Meridian Gold) and others. Sole managed initial public offerings included Reliance Steel & Aluminum and Huntco. Lead-managed initial public offerings included American Steel & Wire (later acquired by Birmingham Steel) and lead-managed underwritings included Quanex. Co-managed underwritings included the IPO of Century Aluminum and offerings for AK Steel, Kaiser Aluminum, Agnico-Eagle Mines, Cameco and others. Asset sales or purchase advisories, fairness opinion or trusteeships were done for Thyssen Steel (sold to Ryerson Tull), Cyclops Corp. (sold to Armco later sold to AK Steel), Allegheny Corp., Bethlehem Steel, the U.S. Dept. of Justice pursuant to the June 1984 merger of LTV and Republic Steel to sell the Gadsden, AL integrated flat-rolled mill, Cobre Copper, and others. Typically more than five investment banking assignments were evaluated, partly executed or “due diligenced” for any completed transaction. Some examples we can recall for which a prospectus was either drafted or partly drafted indicating much work included stock underwritings not completed for Wheeling-Pittsburgh Steel, Steel Dynamics, Atlas Corp., Webco, Sharon Steel, IPSCO, Co-Steel Inc., and others.

ANALYST UNIVERSE COVERAGE:

John C. Tumazos, CFA: Rio Tinto, Louisiana-Pacific, Nucor Corp., Newmont Mining, U.S. Steel, International Paper, BHP Billiton, MeadWestvaco Corp., Antofagasta PLC, Allegheny Technologies, Alcoa Inc., Inco Limited, Bowater, Inc., Temple-Inland, Barrick Gold, Abitibi-Consolidated, Weyerhaeuser Co., Alcan Inc., Smurfit-Stone Container, Plum Creek Timber, Worthington Industries, Goldcorp Inc., AngloGold Ashanti, Freeport McMoRan Copper & Gold, Novelis Inc., FNX Mining.

Dynatec is a company not continued in the research coverage of JTVIR, LLC that was previously included in the prior June 6, 2007 Prudential Equities Group universe owing to a pending takeover by Sherritt International.

In accordance with applicable rules and regulations, we note above parenthetically that our stock ratings of “Overweight,” “Neutral Weight,” and “Underweight” most closely correspond with the more traditional ratings of “Buy,” “Hold,” and “Sell,” respectively; however, please note that their meanings are not the same. (See the definitions above.) We believe that an investor’s decision to buy or sell a security should always take into account, among other things, that the investor’s particular investment objectives and experience, risk tolerance, and financial circumstances. Rather than being based on an expected deviation from a given benchmark (as buy, hold and sell recommendations often are), our stock ratings are determined on a relative basis (see the foregoing definitions).

There is no intention to “balance” the number of Overweight or Underweight ratings, as instances of broad over- or under-performance among basic industrials may occur. JTVIR makes each investment judgment in a “bottoms up” manner based on the assets of each individual company.

Price Target – Methods/Risks

The methods used to determine the price target generally are based on future earning estimates, product performance expectations, cash flow methodology, historical and/or relative valuation multiples. The risks associated with achieving the price target generally include customer spending, industry competition and overall market conditions.

Additional risk factors as they pertain to the analyst's specific investment thesis can be found within the report.

© pending John Tumazos Very Independent Research, LLC, 2007, all rights reserved, 11 Yellow Brook Road, Holmdel, NJ 07733

Information contained herein is based on data obtained from recognized statistical services, issuer reports or communications, or other sources, believed to be reliable. Any statements nonfactual in nature constitute only current opinions, which are subject to change.

There are risks inherent in international investments, which may make such investments unsuitable for certain clients. These include, for example, economic, political, currency exchange rate fluctuations, and limited availability of information on international securities. John Tumazos Very Independent Research, LLC, and its affiliates, make no representation that the companies, which issue securities that are the subject of their research reports are in compliance with certain informational reporting requirements imposed by the Securities Exchange Act of 1934.

If you did not receive this research report directly from John Tumazos Very Independent Research, LLC ("JTVIR"), you may be in violation of an existing subscription or copyright. Your access to, and receipt of, this report does not by itself operate to establish a relationship between you and JTVIR, as the case may be. Please note that JTVIR bears no responsibility for any recommendation(s) or advice that such firm or its representatives may provide to you, regardless of whether any such recommendation or advice is based in whole or in part on this report.

Additional information on the securities discussed herein is available upon request. The applicable disclosures can be obtained by writing to: John Tumazos Very Independent Research, LLC, 11 Yellow Brook Road, Holmdel, NJ 07733 Attn: John Tumazos.