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Registration Effective August 27th and Now Operational

BARRICK GOLD OBTAINS A NEAR DOUBLING IN TIRE LIFE

We obtained this excellent article from Barrick Gold's internal employee newspaper while waiting in their Toronto HQ lobby on June 21. It contains a superbly written article describing Barrick Gold's internal measures to improve or almost double tire life. Barrick Gold granted us permission on June 25, 2007 to reprint the article with attribution, but when we asked to be placed on the Barrick News mailing list Susan Muir wrote "we do not send the publication out externally on a regular basis as this would entail a variety of ancillary issues around disclosure and other considerations."

On August 30 and 31 at CVRD's Carajas and Sossego mine visits it became apparent that tire availability was a significant problem there. CVRD took a different approach, employing a wide variety of smaller 50 to 200 tonne truck sizes for which tire shortages were not acute. Wage levels in Para state are lower than in Nevada, and the labor productivity cost penalty from smaller trucks is a lesser penalty to CVRD in Brazil than Barrick Gold in North America.

Barrick's use of repaired tires, used tires, 15 mph speed limits, new haul routes, new dumping procedures, exacting payload measurements, clear roads and other measures appears very effective and logical.

"KEEP THOSE TIRES ROLLING," by Janet Wile, [Barrick News](#), June 2007

These days, tires seem almost as precious as gold. Expansion in the mining and construction industries has created worldwide demand that is pushing tire prices higher. Tire manufacturers are scrambling to expand production so they can meet orders.

Tires range in price from about US\$200 each for a pickup truck to \$56,000 for a loader. Under existing contracts, tires for a giant Liebherr haul truck cost Barrick about \$40,000 each, with six tires on each truck. On the open market or in internet auctions, prices for giant tires like this have pushed as high as \$300,000.

Worldwide Barrick buys about 3,000 giant tires (35 inches and larger) a year, and that number is expected to increase to 4,000 by 2012. Obviously, the company has a huge investment in tires.

On the procurement side, Barrick's supply chain team has worked with suppliers to ensure they can meet Barrick's needs for new tires. At all mine sites, the rising cost and scarcity of supply has dramatically increased the importance of tire maintenance and tire repairs. Sites have introduced numerous strategies to help solve the problem.

To cope with the shortage, Cortez, like many other mines, was forced to buy used or repaired tires on the open market. Quality control was an issue as some vendors resurrected tires from

dumps, and repairs were not always well done. Used tires do not last long. Cortez found tire life ranged between 5 to 7 used tires for every new tire.

"The further we went into the shortage the worse it got to buy used tires as everyone was after them," says Ellis Ritz, tire operations foreman at Cortez. "it became imperative to take ownership of the issue and do everything possible to make the tires we had run as long as they could"

Bill Martinich, the mine superintendent at Cortez, created a standalone tire department and discussed issues with mine operators and the engineering department. Cortez began utilizing the TMPH calculator within modular mining, and the engineering groups redesigned haul routes and dumping procedures to maximize tire life. TMPH stands for ton miles per hour. Cars have tire ratings for pounds per square inch of air pressure (psi), while haul truck tires are rated on the weight being carried and the speed of the haul or (TMPH). After studying the calculations for speed and tire wear Ritz recommended reducing the speed for loaded haul trucks to 15 miles an hour. This reduced flats, the repaired tires lasted longer, and production benefited from increased availability of trucks and equipment. Cortez, along with help from Goldstrike, started doing its own tire repairs, which allowed the site to be more selective when purchasing used tires.

"Today at Cortez, the 15 mph speed limit is still in place for loaded trucks and we monitor it closely," says Ritz. "We have a group of informed operators who take pride in improved performance. Our engineering and planning groups consider tire life in the pit design. The real win comes from a 20 percent increase in tire life over the past nine months. We also think our overall safety has been improved due to the slower speeds. The spare tire piles are at number we had before the shortage and we continue to look for ways to make tires run."

Barrick's Goldstrike mine has had a tire-saving program in place since 2002, and publishes tire performance data monthly. Operators load trucks exactly to the target payload to optimize tire life and minimize spillage. Rock cuts are a common cause of tire failure, so they keep the roads clear of large rocks or other hazards that could damage tires. In addition, since 1993 the mine has had an active tire repair shop that extends tire life. As a result of these various strategies, average tire life improved from 2,654 hours in 2002 to 4,569 hours in 2005. Over that same period tire consumption dropped by about 16 tires a month, producing estimated savings of about \$144,000 a month. Currently, average tire life is about 4,600 hours.

Even small changes can make a big difference in tire wear. At the Hemlo mine in northern Ontario, Canada, the pit mechanical team installed chains on two loaders. By extending the life of the tires, reducing the downtime needed to change tires, improving equipment availability, and reducing tire storage costs, this simple initiative has an estimated benefit of \$108,500 in annual savings.

CHANGE IN THIS RESEARCH OPERATION

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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 Thyphin 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.

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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.

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