American Barrick Resources Corporation

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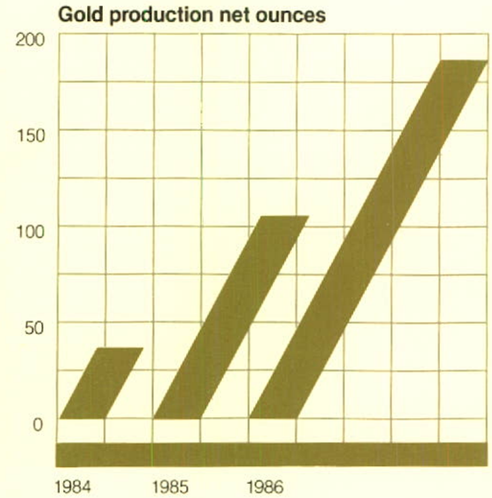
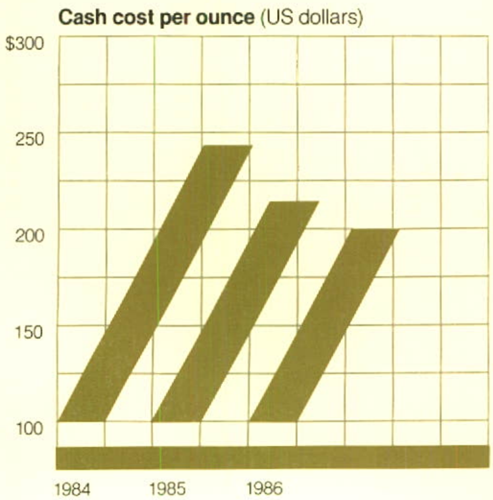
Annual Report
1986

Highlights

American Barrick Resources Corporation





Operating summary	1986	1985
	(in millions of dollars, except per share data)	
Financial data		
Revenue	**$89.8**	$ 48.5
Income from operations	**$33.3**	$ 14.8
Net income before extraordinary items	**$15.1**	$ 4.0
Net income (loss) for the year	**$15.1**	$(22.4)
Operating data		
Gold produced (ounces)	**186,072**	115,952
Cash cost per ounce (1)	**US$200**	US$217
Per share data		
Cash flow per share from operations	**$1.20**	$ 0.49
Net income per share before extraordinary items	**$0.74**	$ 0.21
Net income (loss) per share for the year	**$0.74**	$(1.17)
Common shares outstanding as at December 31 (millions)	**22.2**	19.5

(1) Exclusive of depreciation, operating lease expense, interest, royalties and resource taxes.

Production summary	Total production	1986 Barrick's interest	1985 Barrick's interest
Mines			
Mercur, Utah (1)	**111,007**	**111,007**	52,290
Camflo, Quebec (2)	**31,850**	**31,850**	34,637
Pinson, Nevada (3)	**86,106**	**22,603**	8,289
Renabie, Ontario	**35,007**	**17,504**	14,858
Valdez Creek, Alaska	**13,438**	**3,108**	5,878
Total ounces	**277,408**	**186,072**	115,952

(1) Barrick acquired its interest in the Mercur Mine on June 28, 1985.
(2) Production includes Camflo plus 40% of Malartic Hygrade.
(3) Barrick acquired an indirect 11.47% interest in the Pinson Mine on July 14, 1984 and increased its interest to a direct 26.25% interest on December 31, 1985

All references to dollars are Canadian dollars unless otherwise noted.

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BARRICK

Corporate Profile

Barrick currently has interests in six North American producing gold mines which have annual production of 360,000 ounces of gold. Of this, 260,000 ounces is expected to accrue to Barrick in 1987, an increase of 40% over 1986. In addition, its Holt-McDermott Mine in Northern Ontario is presently under construction with scheduled production of 100,000 ounces annually on completion next year. Based only on its current activities Barrick expects its annual rate of gold production to double over the next eighteen months.

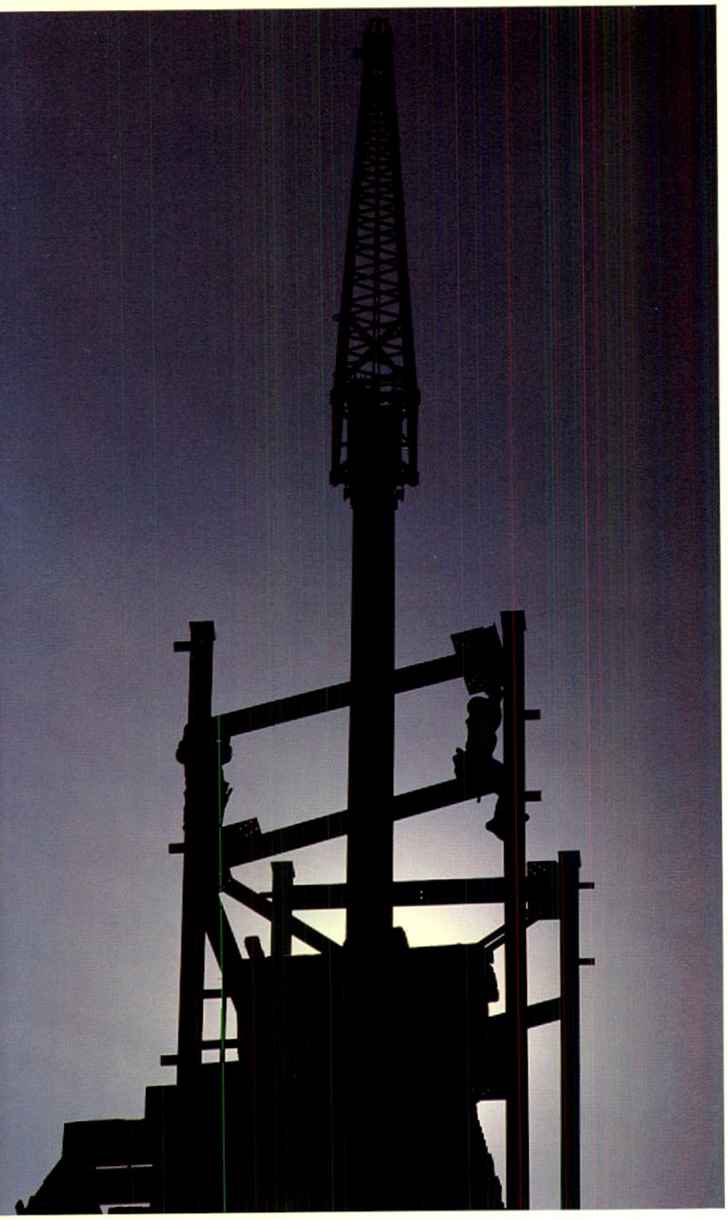
Barrick is committed to a strategy of accelerated growth through the acquisition of gold mines, as well as through the continued development of its existing properties to become one of the leading North American gold producers.

Barrick's strategy, formulated just three years ago, has already made the Company one of the largest and fastest growing gold producers on the Continent. Importantly, Barrick has now established significant financial resources to accelerate the achievement of its objective.

Letter to the Shareholders

American Barrick Resources Corporation

Construction at the Holt-McDermott Mine in Northern Ontario.



The past year has, indeed, been an excellent one for American Barrick in all respects. As anticipated in my last report, the results of 1986 demonstrate a very positive impact from the acquisitions and corporate consolidation which were implemented in the previous years.

Gold production, revenues, earnings per share, assets and shareholders' equity have all improved significantly. At the same time, recognition of Barrick's achievements, by a growing group of investors, has not only been demonstrated by the performance of its share values, but has positioned the Company for further growth in the forthcoming years. On February 25, 1987 American Barrick Resources' common shares were listed on the New York Stock Exchange, an internationally accepted measure of distinction for a public corporation, especially for one as young as Barrick.

Financial review

Gold production for 1986 of 186,072 ounces represents a 60% increase over 1985. Net income for the year was $15.1 million ($0.74 per share) as compared with $4.0 million ($0.21 per share) before extraordinary items in 1985. During 1986, working capital increased by $32.9 million to $29.6 million at year end from a deficiency of $3.3 million in 1985.

The strength of its operations has enabled Barrick to access capital markets to a significant extent. In the last fifteen months, four gold related financings were successfully underwritten, including one which closed in February 1987, raising in excess of $200.0 million. Of this, US$100.0 million was raised on the Eurobond Market as unsecured 5-year gold related notes payable, with an average interest rate of 3.6%. Also during the year Barrick completed a gold-linked equity issue of $43.0 million. As a result of these transactions, the Company's balance sheet has been dramatically transformed with over $140.0 million in cash and marketable securities.

It has been Barrick's policy, since its entry into the gold mining industry, to fund its expansions, whether they are acquisitions or new mine development, by gold-related financing vehicles. With increased gold production from diversified sources, Barrick's ability to arrange these financings has become progressively easier. As a result, not only does its cost of funds continue to reduce, but at the same time the Company's exposure to falling gold prices has been hedged.

The total gold committed over the next six years to these various financings is less than 20% of our anticipated production during the period and the average price of deliveries is US$445 per ounce.

Goldstrike Mine

In December 1986, Barrick acquired a 50% direct interest in the Goldstrike Mine in Nevada from Western States Minerals Corporation for $43.0 million cash, and in January 1987, acquired PanCana Minerals Ltd. for 2.1 million treasury shares. PanCana owns the other 50% interest in the Goldstrike Mine. The present operation consists of heap leaching low grade ore from the main Post deposit. Since Barrick took over the operations, newly discovered higher grade sulphide mineralization from deep drilling has provided a new dimension to the property. This drilling is also adding to the gold values of this property and a program is in place for 1987 to establish the feasibility of a mill to treat the higher grade deposits.

The 5,000 acres owned by Barrick surrounding the Post deposit in the midst of the Carlin trend, one of America's most prolific gold mining areas, has geological potential for the discovery of other similar deposits. These will be systematically explored commencing in 1987.

Holt-McDermott Mine

In October 1986, Barrick formally confirmed a production decision for the Holt-McDermott Mine in Northern Ontario. At the same time, the Holt name was assigned to this important property in recognition of the major contribution by one of our senior geologists, Mr. M.E. Holt. The construction estimate calls for expenditures of $50.0 million to complete the 1,500 ton per day mill and related underground development. Commercial production is expected to commence by mid 1988 at an annual rate of 100,000 ounces. Cash costs are anticipated to be below US$200 per ounce.

Investment

During the second half of the year the Company acquired a signficant equity interest in Consolidated Gold Fields PLC, a British based mine holding company with major gold production on three continents. The investment was perceived to be timely since the market value of Consolidated Gold Fields shares was at a substantial discount to the value of its underlying assets. Also its strong exposure to gold fitted well with Barrick's strategy. The share price of Consolidated Gold Fields in the interim has materially appreciated providing the Company with a significant unrealized profit on this investment, some of which has been realized subsequent to year end.

Outlook

Even without any new acquisitions, based on current mining forecasts, I expect Barrick's annual rate of production to more than double within the next eighteen months. In addition, the Company's market acceptance, coupled with its significant liquidity, will enable us to consider and act immediately on potential acquisitions. Consequently, I am confident, given our combination of human and financial resources, that our strategy will continue to be successful in achieving Barrick's goal of becoming one of the leading North American gold producers.

Peter Munk

Peter Munk
Chairman

March 15, 1987

Mercur Mine

American Barrick Resources Corporation

Background

Barrick purchased a 100% interest in the Mercur Mine on June 28, 1985 from Texaco, Inc. which had acquired the operation as a result of its merger with the Getty Oil Company in 1984. The operation commenced commercial production in April 1983 after preproduction expenditures by Getty in excess of US$100.0 million.

The Mercur Mine is located at the south end of the Oquirrh Mountains, 35 miles southwest of Salt Lake City, Utah. It is an open pit operation, which eventually will consist of a minimum of four large pits located within a two mile radius of the mill. The project comprises 13,400 acres of mining claims, being a total area of approximately 20 square miles. Production of oxide ore averaging 0.085 ounces of gold per ton, is being processed in the 4,500 ton per day mill and the low grade portion, averaging 0.035 ounces of gold per ton, is being stockpiled or placed on dump leach pads which were constructed in late 1985 and 1986.

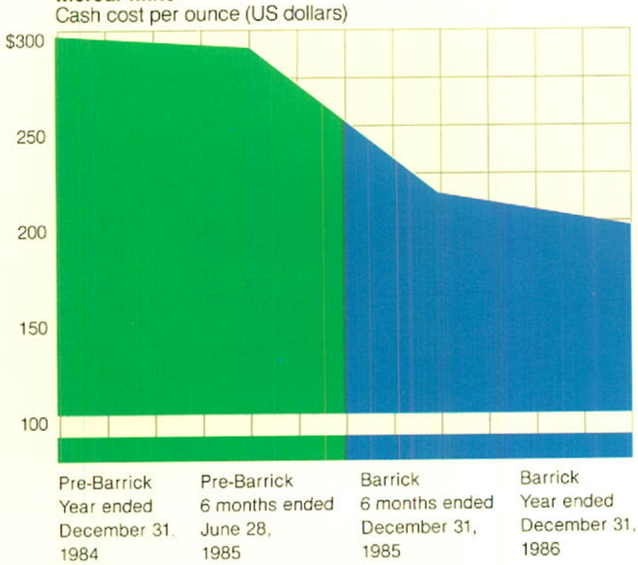
Operating results

Gold production from the Mercur Mine reached a record high in 1986 when 111,007 ounces were produced compared with 93,836 ounces in 1985. The record production comprised 105,327 ounces from the mill plus 5,680 ounces from the dump leach operation. In 1986, the mill processed 1,563,107 tons of ore at an average rate of 4,282 tons per day and a grade of 0.085 ounces of gold per ton, compared with a total of 1,232,069 tons, or 3,376 tons daily, at 0.098 ounces of gold per ton for 1985.

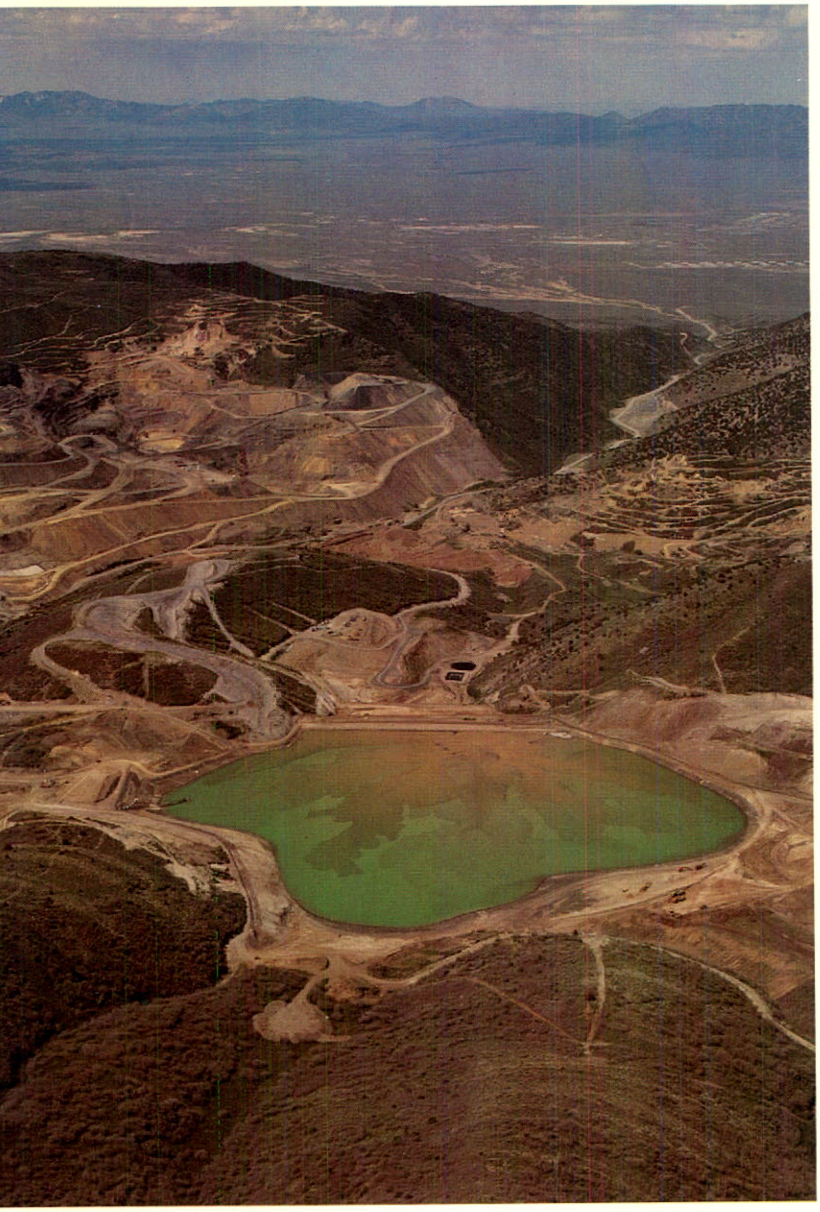
The overall gold production cash cost was US$199 per ounce compared with costs of US$248 per ounce during 1985.

A test dump leaching operation was commissioned in late 1985 on one of the two new dump leach pads. Although the first leach

Mercur Mine
Cash cost per ounce (US dollars)



Gold bullion pour at the Mercur Mine.



Aerial view of Mercur tailings area with the Mercur pit in the background.

pad was put into operation very late in the year, at a time when snow and ice were forming, encouraging results were achieved and in 1986 a total of 530,000 tons of material, with an average grade 0.035 ounces of gold per ton, were placed on the pads. Leaching of this material is continuing throughout the winter.

Capital expenditures

Capital expenditures in 1986 amounted to US$7.0 million, which were incurred for operational improvements. These improvements included the construction of two dump leach pads to provide annual dump leaching capacity of up to 1,000,000 tons and the installation of two additional carbon-in-leach tanks in the mill. The tailings impoundment area also was extended.

The Company expects to spend US$12.4 million in 1987 to provide, for the construction of an autoclave circuit, further extension of the tailings dam, additional mine equipment, and dump leach expansion.

A portion of the mineralization at Mercur is refractory by nature and requires special treatment to attain acceptable gold recoveries. An autoclave circuit is now under construction and will be commissioned early in 1988 at an estimated cost of US$7.0 million. It will treat 750 tons per day in a pressure oxidation unit at a temperature of 225°C and a pressure of 490 pounds per square inch. Gold recovery of the autoclaved material is expected to be approximately 85%.

Exploration

Barrick plans to spend US$600,000 to define additional reserves and to explore some of the favourable geological targets on the Mercur property. To date, only a small portion of the 13,400 acres has been explored.

Ore reserves

Management's estimate of proven and probable, and possible ore reserves of the Mercur Mine as at December 31, 1986 are listed below:

Reserves	Mill ore	Heap leach sub-ore
Oxide reserves		
Proven and probable: tons	13,200,000	8,700,000
Grade: ounces per ton	0.072	0.033
Possible: tons	1,400,000	
Grade: ounces per ton	0.080	
Refractory reserves (1)		
Proven and probable: tons	5,270,000	
Grade: ounces per ton	0.063	

(1) The refractory ore has sulphide content and consequently a low amenability to existing metallurgical treatments. This ore is being stockpiled until an autoclave circuit is placed into operation.

Segregated operating information	1986	1985
Tons of ore milled	**1,563,107**	1,232,069
Average millhead grade: ounces per ton	**0.085**	0.098
Mill recovery rate: %	**79.2**	77.0
Ounces of gold produced		
Ounces from milled ore	**105,327**	93,022
Ounces from dump leached material	**5,680**	814
Total ounces produced	**111,007**	93,836
Cash cost per ton milled (1)	**US$14.14**	US$18.87
Cash cost per ounce produced (1)	**US$199**	US$248

(1) Excluding operating lease expense

Segregated financial information (Barrick aquired the Mercur Mine on June 28, 1985)	Year ended December 31, 1986	Six months ended December 31, 1985
	(thousands of dollars except per unit data)	
Average gold price received per ounce	**US$367**	US$325
Bullion production revenue	**$56,104**	$22,782
Operating cash costs exclusive of interest and depreciation	**30,716**	15,343
Royalties, operating lease expense and resource taxes	**1,857**	293
Net operating cash flow	**23,531**	7,146

Goldstrike Mine

American Barrick Resources Corporation

Background

Barrick recently acquired ownership of the Goldstrike Mine through the purchase of a direct 50% interest from Western States Minerals Corporation and the acquisition of PanCana Minerals Ltd. which has as its principal asset the other 50% of the mine.

The Goldstrike property consists of 6,870 acres represented by twenty-one blocks of unpatented lode mining claims. The properties are located on the Carlin trend in Elko and Eureka counties of Nevada, immediately north of the Genesis deposit. This area contains major gold deposits which are being or have been mined and is under active exploration and development. Significant reserves occur in the Roberts Mountain formation and have been discovered by other mining companies operating in the vicinity of Goldstrike. This formation is believed to exist on portions of the Goldstrike property and has the potential to contain additional gold reserves at depths below the existing reserves.

Goldstrike is mined by conventional open pit methods and the ore is heap leached to recover its gold content. The principal ore zone is the Post deposit from which mining commenced in December 1986. The operation has the capacity to mine 1.1 million tons of ore and waste on a monthly basis which will increase to 1.5 million tons by the second quarter of 1987. The mine presently employs approximately 140 full-time non-unionized employees.

Based on production experience to date, approximately 75% of the contained gold in the oxide reserves are recoverable by the heap leaching process. As a result of preliminary metallurgical work initiated and conducted by the previous owners, it is estimated that approximately 90% of the gold in the higher grade oxide reserves could be recoverable through a milling process. Feasibility of this is currently under study.

Capital expenditures

Capital expenditures for Goldstrike in 1987 are estimated at US$16.1 million. Approximately US$6.8 million will be spent on additional mine equipment with the remainder to be spent on new mine offices, maintenance and gold recovery facilities at the mine site. At present the final stages of gold recovery are undertaken at facilities located in Elko. The gold recovery circuit will be expanded and new leach pads, solution ponds and carbon columns will be installed to handle the greater mine tonnages to be produced this year.

Exploration

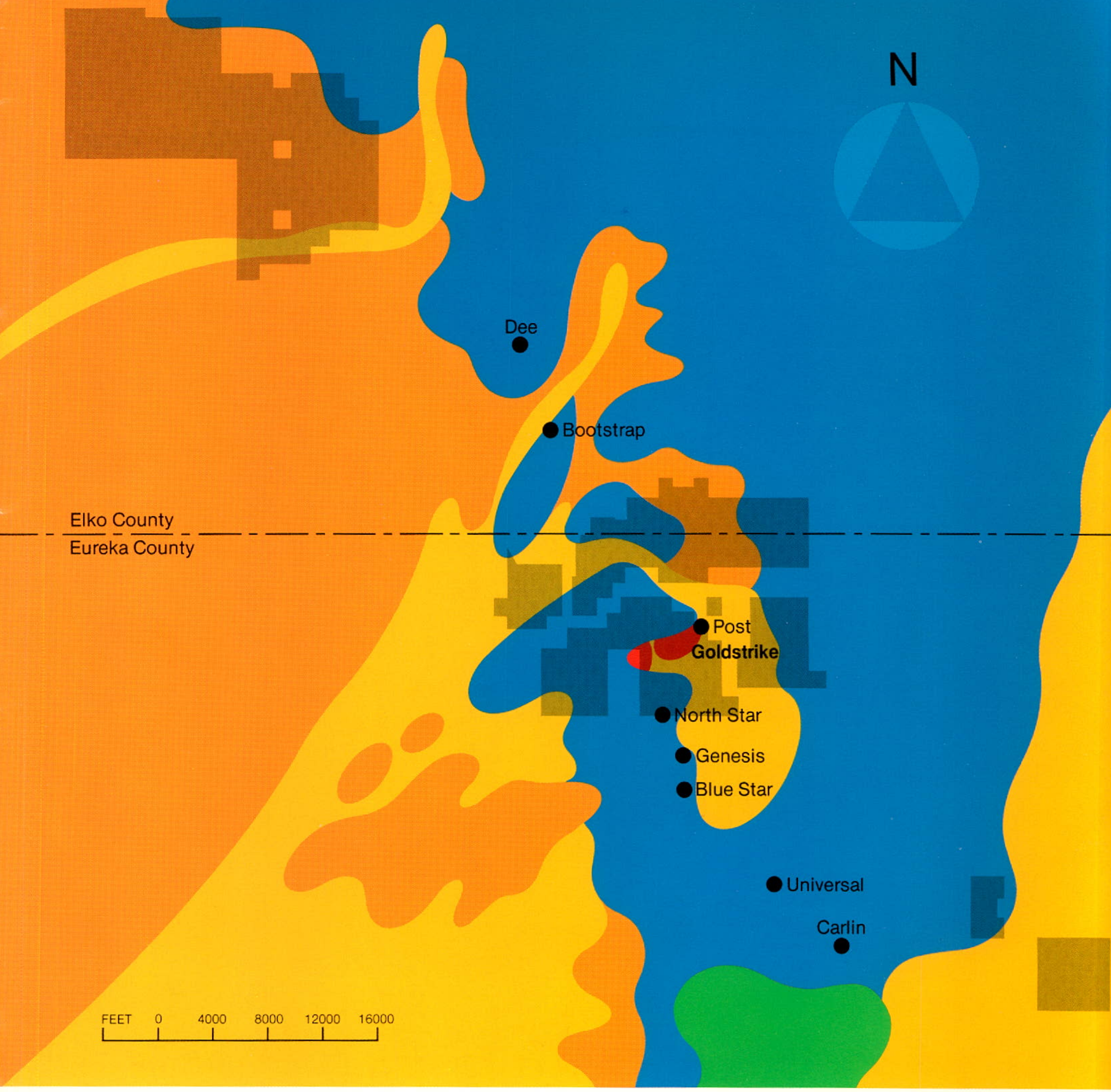
An initial exploration budget of US$1.0 million has been allocated for 1987. Recent drilling has intersected significant additional oxide and sulphide gold mineralization which occur outside the limits of the known reserves. Continued exploration will assess the value of these high grade intersections. At the same time other geological targets on the property will be examined.

Ore reserves

Numerous ore bodies have been located on the Goldstrike property. The deposits are of two principal types: sulphide and oxide. The gold is very fine grained and is associated with iron sulphide in the sulphide ores and with iron oxides in the oxide ore.

The proven reserves attributable to the Post deposit evaluated as of July 31, 1986 are listed below:

Reserves	
Proven: tons	11,370,000
Grade: ounces per ton	0.044



The Carlin Gold Trend
Goldstrike Properties – shaded areas

Quaternary Alluvium

Cretaceous Intrusive

Tertiary Volcanic & Sediments

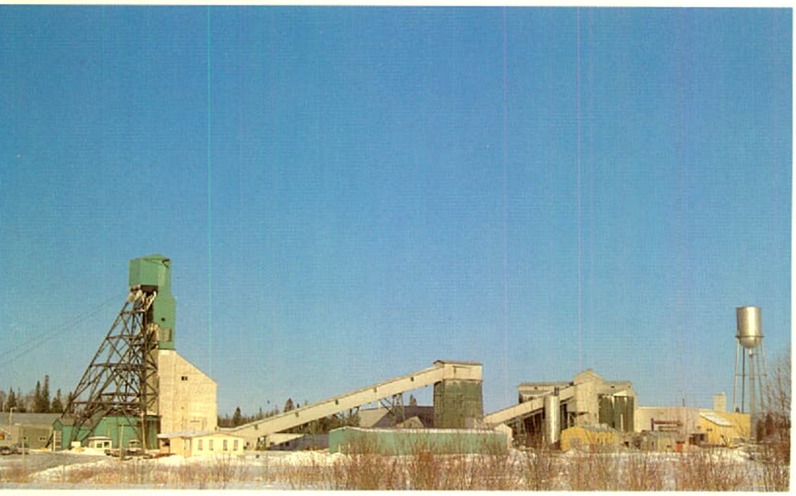
Silurian & Ordovician Western Assemblage Siliceous Sediments

Camflo Mine

American Barrick Resources Corporation

Background

Barrick owns a 100% interest in the Camflo Mine and earns a further 40% share of the operating profits from mining and milling the extension of the main ore body on the adjoining Malartic Hygrade property. The mine is located 12 miles west of Val d'Or in Northwestern Quebec. The Camflo Mine has been in continuous production since 1965 and to date has produced more than 1,500,000 ounces of gold from over 8,000,000 tons of ore. Camflo is one of the lowest cost per ton underground gold mining operations in North America. The Camflo Mine consists of a 1,300 ton per day mill and underground development to a depth of 4,000 feet. The agreement with Malartic Hygrade Gold Mines (Canada) Ltd. requires mining and milling of 200,000 tons per annum from the Malartic property with the balance of mill capacity, approximately 270,000 tons, originating from the Camflo property.



General view of the Camflo Mine in Quebec.

Operating results

Gold production was 8% lower in 1986 mainly due to a decrease in the grade of ore caused by additional dilution. In 1986, including the production attributable to Camflo's 40% share of Malartic Hygrade's production, 363,583 tons of ore grading 0.093 ounces of gold per ton produced 31,850 ounces of gold. This compares with 348,424 tons grading 0.106 ounces of gold per ton which produced 34,637 ounces in 1985. The gold production cash cost per ounce was US$219 in 1986 as compared with US$214 in 1985.

Capital expenditures

Capital expenditures in 1986 amounted to $246,000, however, no significant expenditures are anticipated in 1987.

Exploration

Exploration of the Camflo property during 1986 included a review of the upper levels of the mine to define new reserves which were uneconomic when those areas were initially mined. Exploration of the Malartic Hygrade property comprised a drilling program to delineate ore reserves at depth. Both programs will continue in 1987.

Ore reserves

Management's estimate of the proven and probable, and possible ore reserves of the Camflo Mine as at December 31, 1986 are listed below:

Reserves

Proven and probable: tons (1)	1,175,000
Grade: ounces per ton	0.097
Possible: tons (1)	204,000
Grade: ounces per ton	0.040

(1) Ore reserves include an allowance for dilution based on mine experience.

The proven and probable ore reserves on the Malartic Hygrade property as reported at December 31, 1985 by Malartic were 823,735 tons grading 0.114 ounces of gold per ton. During 1986, 176,538 tons grading, 0.109 ounces of gold per ton were mined.

Segregated operating information (1)	1986	1985
Tons of ore milled	363,583	348,424
Average millhead grade: ounces per ton	0.093	0.106
Mill recovery rate: %	93.9	93.9
Ounces of gold produced	31,850	34,637
Cash cost per ton milled	$26.60	$29.05
Cash cost per ounce produced	US$219	US$214

(1) Production includes Camflo plus 40% of Malartic Hygrade.

Segregated financial information	1986 (thousands of dollars except per unit data)	1985
Average gold price received per ounce	US$368	US$318
Bullion production revenue	$16,287	$15,037
Operating cash costs exclusive of depreciation	9,671	10,122
Resource taxes	710	450
Net operating cash flow before Gold Company of America distributions	5,906	4,465
Gold Company of America distributions (ounces)	8,800	8,282

Jack-leg drilling at the Camflo Mine.

Pinson Mine

American Barrick Resources Corporation

General view of the Pinson milling and maintenance facilities in Nevada.

Background

Since December 31, 1985, Barrick has owned a 26.25% direct interest in the Pinson Mine, which is located 200 miles northeast of Reno, Nevada. The Pinson Mine, which commenced production in 1981, consists of open pit operations at the main site and at the Preble deposit, which is 15 miles south of Pinson. A mill with a capacity of 1,500 tons per day is located at the Pinson site. Until 1985 it had processed only the Pinson deposit's ore, however, the high grade portion of the Preble ore is now also being processed through this facility. The remainder of Preble's ore is heap leached at the Preble site.

Operating results

Gold production from the Pinson and Preble operations reached a record high in 1986 when 86,106 ounces were produced compared with 72,351 ounces in 1985. Production comprised 60,064 ounces from the main operation and 26,042 ounces from the Preble. In 1986 the mill operated at full capacity and processed 542,648 tons of ore with an average grade of 0.117 ounces of gold per ton. Gold production from the milling operation amounted to 56,175 ounces at a cash cost of US$140 per ounce recovered. The heap leach operations produced 29,931 ounces at a cash cost of US$121 per ounce recovered.

Capital expenditures

Capital expenditures in 1986 amounted to US$1.8 million which were mainly incurred for improved crushing and agglomerating facilities and site services at Preble and for expansion of the tailings dam at Pinson.

Exploration and development

Pinson's expenditures for 1986 totalled US$1.1 million. A considerable tonnage of low grade heap leaching ore was defined south of the main mining area in the Felix Canyon deposit. The budget for 1987 is approximately US$500,000 and will be applied to explore the 15 miles of strike length of the main structure which runs between Pinson and Preble and on the extensions of this structure.

Ore reserves

Management's estimates of the proven and probable ore reserves of the Pinson Mine, including the Preble deposit, as at December 31, 1986 are listed below:

Reserves	Mill ore	Heap leach
Pinson		
Proven and probable: tons	3,981,000	1,790,000
Grade: ounces per ton	0.090	0.028
Preble		
Proven and probable: tons	46,000	981,000
Grade: ounces per ton	0.160	0.056
Total: tons	4,027,000	2,771,000
Grade: ounces per ton	0.091	0.038

Segregated operating information	1986	1985
Pinson and Preble deposits		
Tons of ore milled	**542,648**	535,620
Average millhead grade: ounces per ton	**0.117**	0.104
Mill recovery rate: %	**88.5**	83.6
Ounces of gold produced		
Milled ore	**56,175**	46,551
Heap leached material	**29,931**	25,800
Total ounces produced	**86,106**	72,351
Cash cost per ton milled	**US$14.48**	US$17.23
Cash cost per ounce produced		
Milled ore	**US$140**	US$198
Heap leached material	**US$121**	US$116
Average cash cost per ounce produced	**US$133**	US$169

Segregated financial information (Barrick's 26.25% interest owned directly effective December 31, 1985)	1986 (thousands of dollars except per unit data)	1985
Average gold price received per ounce	**US$373**	US$319
Bullion production revenue	**$11,819**	$8,330
Operating cash costs exclusive of depreciation	**4,185**	4,377
Royalties and resource taxes	**553**	245
Net operating cash flow	**7,081**	3,708

Renabie Mine

American Barrick Resources Corporation

Background

Barrick owns a 50% interest in the Renabie Mine which is located 80 miles northeast of Wawa, Northern Ontario. The Renabie Mine consists of a 700 ton per day mill and underground development to a depth of 4,507 feet. Present mining operations are producing from below the 3,105 foot level of the main ore body.

Barrick acquired a 50% interest in the mine in September 1983 at which time a rehabilitation and expansion plan was embarked upon, funded largely by the Renabie Gold Trust.

Operating results

Gold production from the Renabie Mine improved significantly in 1986 as a result of continued development of the main ore body below the 3,105 foot level and from a change in the extraction method to sub-level retreat mining. Production increased to 35,007 ounces compared with 29,717 ounces in 1985. The mill operated at an average rate of 539 tons per day and processed a total of 183,780 tons of ore with an average grade of 0.205 ounces of gold per ton. The gold production cash cost for 1986 was US$239 per ounce.

Capital expenditures

The Renabie Mine's capital expenditures amounted to $9.9 million in 1986. The expenditures were incurred principally to complete the sinking of the internal shaft to 4,507 feet and to expand the mill to 700 tons per day.

Renabie's planned capital program in 1987 provides for $2.5 million to develop additional underground reserves.

Exploration

Exploration of two new deep levels, which can now be accessed from the internal shaft, resulted in an increase in ore reserves of 711,732 tons grading 0.189 ounces of gold per ton. Exploration work on the deep levels will continue in 1987.

Ore reserves

Management's estimates of the proven and probable, and possible ore reserves of the Renabie Mine as at December 31, 1986 are listed below:

Reserves	
Proven and probable: tons (1)	1,374,000
Grade: ounces per ton	0.201
Possible: tons (1)	389,000
Grade: ounces per ton	0.199

(1) Ore reserves include an allowance for dilution based on mine experience.

Segregated operating information	1986	1985
Tons of ore milled	**183,780**	154,814
Average millhead grade: ounces per ton	**0.205**	0.206
Mill recovery rate: %	**92.9**	93.2
Ounces of gold produced	**35,007**	29,717
Cash cost per ton milled	**$63.23**	$66.20
Cash cost per ounce produced	**US$239**	US$253

Segregated financial information (Barrick's 50% interest)	1986 (thousands of dollars except per unit data)	1985
Average gold price received per ounce	**US$367**	US$324
Bullion production revenue	**$8,920**	$6,578
Operating cash costs exclusive of interest, management fee and depreciation	**5,811**	5,125
Net operating cash flow before Renabie Gold Trust distributions	**3,109**	1,453
Renabie Gold Trust distributions (ounces)	**1,350**	1,350

Valdez Creek

American Barrick Resources Corporation

Background

Barrick owns a 23.125% interest in the Valdez Creek placer mine, which is located 180 miles northeast of Anchorage, Alaska. Valdez Creek, which is operated by Camindex Mines Limited, consists of an open pit mine, washing and sluicing plants and ancillary support facilities.

The Valdez Creek area was first mined in the early 1900's and mining was recommenced in 1984 when 17,000 ounces of gold were produced.

Operating results

Gold production from Valdez Creek in 1986 amounted to 15,772 ounces of raw gold which contained 13,438 ounces of refined gold. During 1986, 4.6 million cubic yards of over-burden were removed and 169,090 cubic yards of pay gravel were delivered to the washing plant. The overall gold production cash cost for 1986 before prestripping averaged US$324 per ounce of pure gold recovered.

Significant operating problems were experienced in 1986 when pit slope instability, mainly caused by excessive ground water, resulted in a revision of the mining plans. Additional expenditures were required in order to control the water and to remove extra over-burden. The disruption to mining not only delayed reaching the gold bearing gravels at depth, but also significantly increased the operating cash costs.

Exploration

Valdez Creek's exploration program for 1986, of approximately US$850,000 resulted in an increase in ore reserves. Exploration will continue in 1987.

Ore reserves

Management's estimate of the proven and probable, and possible ore reserves of the Valdez Creek Mine as at December 31, 1986 are listed below:

Reserves	
Proven and probable: cubic yards	1,464,000
Grade: ounces per cubic yard	0.117
Possible: cubic yards	2,987,000
Grade: ounces per cubic yard	0.106

Segregated operating information	1986	1985
Cubic yards processed	**169,090**	306,743
Average grade: ounces per cubic yard	**0.079**	0.083
Ounces of gold produced	**13,438**	25,418
Average cash cost per ounce produced (1)	**US$324**	US$237

(1) Excluding prestripping

Segregated financial information (Barrick's 23.125% interest)	1986 (thousands of dollars except per unit data)	1985
Average gold price received per ounce	**US$368**	US$315
Bullion production revenue	**$1,591**	$2,532
Operating cash costs exclusive of depreciation (1)	**1,400**	1,708
Net operating cash flow	**191**	824

(1) Excluding prestripping

Construction at the Holt-McDermott Mine with new hoist room in the background.

Development Property

Holt-McDermott Mine

American Barrick Resources Corporation

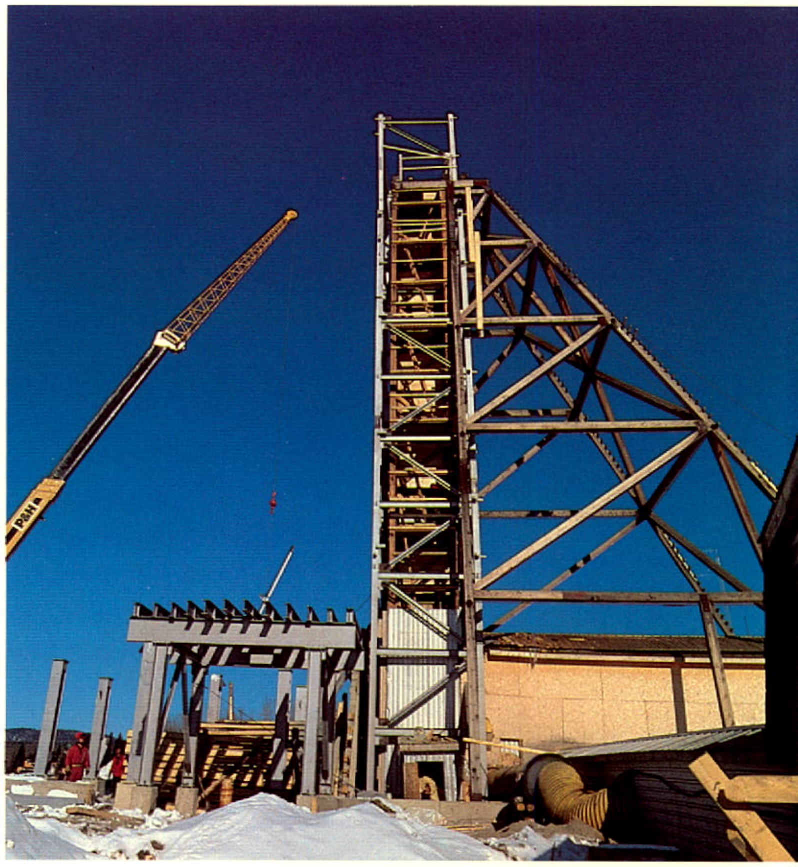
In October 1986, Barrick formally confirmed a production decision for the Holt-McDermott mine. The exploration and development shaft was completed to a depth of 420m and crosscutting and drifting was carried out on both the 150m and 350m levels. On the 150m level the development drift was maintained in ore for approximately 100m. Detailed diamond drilling of the ore zone was carried out from this drift at 13m intervals. The results confirmed the continuity of both the main ore zone and the narrower parallel zones. It was found that the average grade of ore over a 120m length on the 150m level was approximately 0.280 ounces of gold per ton, which is higher than had been indicated from surface drilling. The higher grade was substantiated by the recent detailed underground drilling program.

Ore reserves

The drill indicated probable and possible ore reserves, based on surface drilling are listed below:

Reserves	
Probable: tons	2,587,000
Grade: ounces per ton	0.196
Possible: tons	747,000
Grade: ounces per ton	0.153

Since October, construction of the surface facilities has commenced and underground development has continued. Metallurgical tests have shown excellent recoveries and a 1,500 ton per day carbon-in-leach mill is being constructed and should be operational by mid 1988.



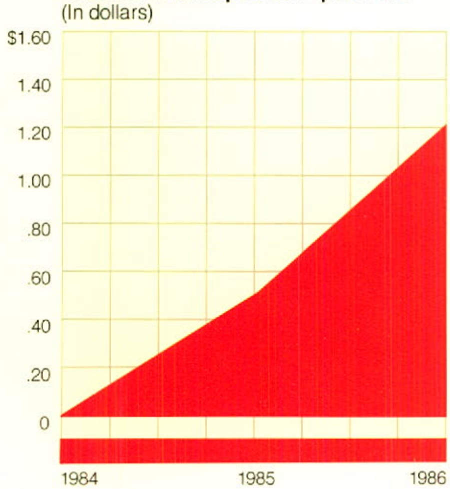
Erection of the 130′ permanent steel headframe at the Holt-McDermott Mine.

corresponding production in 1984. As well, 1985 represented the first full year in which production from the Camflo and Pinson mines was attributable to Barrick. Production from the Renabie Mine in which Barrick has a 50% interest improved significantly in 1985 from 16,195 ounces in 1984 to 29,717 ounces.

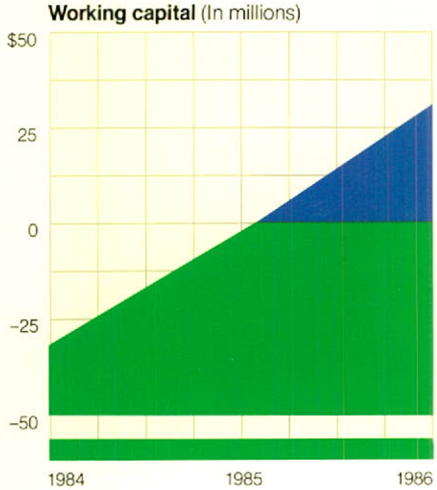
Barrick's average cash cost per ounce reduced to US$214 per ounce from US$247 per ounce in 1984 principally due to the addition of lower cost production. The average gold price in 1985 fell to US$317 per ounce as compared with US$360 per ounce in 1984.

In mid 1984, Barrick acquired the Camflo mine, an interest in the Pinson mine and producing oil and gas assets which resulted in a marginal improvement in earnings for the year. Late in 1984 Barrick provided for losses of $12.4 million primarily on the disposal of its Canadian oil and gas properties resulting in an overall loss for the year of $16.1 million as compared with a final loss for 1985 of $22.4 million.

Cash flow from operations per share (In dollars)



Working capital (In millions)



Liquidity and capital resources

At December 31, 1986 Barrick's working capital position was $29.6 million. Cash provided from operations in 1986 was $24.6 million and from financing activities was $106.2 million. These sources were offset by net investment expenditures of $124.4 million which included the purchase of a shareholding in Consolidated Gold Fields PLC.

In February 1987, Barrick issued US$50.0 million in 2% gold indexed notes payable due 1992 which increased working capital to approximately $90.0 million. Barrick has estimated capital expenditures for 1987 to be approximately $90.0 million of which half will be funded out of operating cash flow and the remainder from working capital.

Inflation and changing prices

The price of gold materially impacts the results of operations and financial position of Barrick. Gold bullion production is currently sold on the spot and forward markets, at prices over which Barrick has no control and which have historically been subject to volatile fluctuations over short periods of time. Under Barrick's gold hedging program, a portion of future production has been sold forward for delivery through June 1987. This policy ensures a minimum level of revenue and cash flow to sustain operations in the event of a substantial decrease in the price of gold. Gold production costs and corporate expenses are subject to normal inflationary pressures.

Consolidated Balance Sheets

American Barrick Resources Corporation
as at December 31, 1986 and 1985 (in thousands)

Assets	**1986**	1985
Current assets		
Cash and short-term deposits	**$ 2,879**	$ 2,742
Marketable securities (notes 4 and 19(d))	**129,301**	591
Accounts receivable	**8,369**	5,256
Inventories and prepaid expenses (note 5)	**12,473**	9,810
	153,022	18,399
Property, plant and equipment (note 6)	**222,462**	164,762
Investments (note 7)	**19,653**	19,929
Other assets (note 8)	**19,348**	11,805
	$414,485	$214,895

Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 21,828**	$ 15,113
Loans payable (note 9)	**30,790**	5,332
Notes payable on business aquisition (note 3)	**38,954**	–
Current portion of long-term liabilities and deferred revenue (notes 10 and 11)	**31,892**	1,214
	123,464	21,659
Long-term debt and other liabilities (note 10)	**80,512**	12,503
Deferred revenue (note 11)	**61,868**	85,649
Deferred taxes	**7,234**	8,069
	273,078	127,880
Shareholders' equity		
Capital stock (note 12)	**127,790**	134,385
Retained earnings (deficit)	**13,617**	(47,370)
	141,407	87,015
	$414,485	$214,895

Commitments and contingent liabilities (note 19)

Signed on behalf of the board

Peter Munk, *Director*

C.W.D. Birchall, *Director*

See accompanying notes to consolidated financial statements

Consolidated Statements of Income

American Barrick Resources Corporation
for the years ended December 31, 1986, 1985 and 1984 (in thousands except per share data)

	1986	1985	1984
Revenue	**$ 89,824**	$ 48,518	$ 13,783
Expenses			
Operating costs	**51,319**	30,305	9,924
Administration	**5,246**	3,388	3,005
	56,565	33,693	12,929
Income from operations	**33,259**	14,825	854
Other income (note 13)	**5,910**	6,704	2,600
Interest expense (including interest on long-term debt of $3,009, 1985 $3,151, 1984 $3,182)	**(4,996)**	(3,815)	(5,645)
Depreciation, depletion and amortization	**(15,426)**	(11,497)	(4,555)
Exploration costs	**(175)**	(448)	–
Discontinued operations	–	204	1,961
Income (loss) before taxes and extraordinary items	**18,572**	5,973	(4,785)
Resource taxes	**(710)**	(450)	(439)
Deferred income taxes (note 14)	**(2,800)**	(1,500)	1,508
Net income (loss) before extraordinary items	**15,062**	4,023	(3,716)
Extraordinary items (note 15)	–	(26,392)	(12,378)
Net income (loss) for the year	**$ 15,062**	$(22,369)	$(16,094)
Net income (loss) per share			
Before extraordinary items	**$0.74**	$ 0.21	$(0.25)
For the year	**$0.74**	$(1.17)	$(1.05)
Fully diluted net income (loss) per share (note 12)			
Before extraordinary items	**$0.71**	$ 0.21	$(0.25)
For the year	**$0.71**	$(1.17)	$(1.05)

Consolidated Statements of Retained Earnings

for the years ended December 31, 1986, 1985, 1984 (in thousands)

	1986	1985	1984
Deficit at beginning of year	**$(47,370)**	$(24,854)	$(7,456)
Elimination of deficit by reduction in stated capital (note 12)	**47,370**	–	–
Net income (loss) for the year	**15,062**	(22,369)	(16,094)
Costs incurred in raising capital (net of income taxes of $1,500)	**(1,445)**	–	(1,304)
Excess of cost over proceeds from resale of shares held by a subsidiary	–	(147)	–
Retained earnings (deficit) at end of year	**$ 13,617**	$(47,370)	$(24,854)

See accompanying notes to consolidated financial statements

Consolidated Statements of Changes in Financial Position

American Barrick Resources Corporation
for the years ended December 31, 1986, 1985 and 1984 (in thousands)

	1986	1985	1984
Cash provided by (used in) operating activities			
Net income (loss) before extraordinary items	$ 15,062	$ 4,023	$ (3,716)
Non-cash items:			
Depreciation, depletion and amortization	15,426	11,611	5,827
Deferred income taxes	2,800	1,500	(1,508)
Deferred revenue	(7,244)	(6,954)	(610)
Share of earnings of equity accounted companies	(2,072)	(2,512)	(300)
Other	(117)	11	109
	23,855	7,679	(198)
Cash provided by (reinvested in) working capital			
Accounts receivable	(2,548)	352	3,616
Inventories and prepaid expenses	(2,273)	(1,828)	(19)
Accounts payable and accrued liabilities	5,523	3,280	(3,307)
Cash provided by operating activities	24,557	9,483	92
Cash provided by (used in) investment activities			
Business acquisitions			
Cost (net of cash acquired of $1,324, 1985 $742, 1984 cash deficiency $55,144)	(48,186)	(44,956)	(109,378)
Notes payable	38,954	–	–
Equipment sale	8,106	–	–
Notes receivable	1,344	4,706	1,991
Property, plant and equipment	(27,796)	(17,411)	(19,140)
Marketable securities	(97,467)	(572)	(513)
Petroleum and natural gas interests	–	32,731	1,961
Affiliated company advances	–	(2,363)	(1,144)
Other	682	982	(2,476)
Cash (used in) investment activities	(124,363)	(26,883)	(128,699)
Cash provided by (used in) financing activities			
Long-term debt	68,762	(42,558)	7,156
Capital stock	40,799	4,224	82,397
Gold purchase warrants	5,521	–	–
Bullion loan	(6,332)	34,868	–
Costs incurred in raising capital	(2,945)	–	(1,304)
Gold Company of America	–	53,003	–
Renabie Gold Trust	–	–	7,490
Other	457	(1,246)	(2,226)
Cash provided by financing activities	106,262	48,291	93,513
Increase (decrease) in cash	6,456	30,891	(35,094)
Cash at beginning of year	(1,741)	(32,632)	2,462
Cash at end of year	$ 4,715	$ (1,741)	$(32,632)
Components of cash			
Cash and short-term deposits	$ 2,879	$ 2,742	$ 1,353
Bullion settlements receivable	1,836	849	229
Current bank loans	–	(5,332)	(34,214)
	$ 4,715	$ (1,741)	$(32,632)

See accompanying notes to consolidated financial statements

Notes to Consolidated Financial Statements

American Barrick Resources Corporation
(tabular dollar amounts in thousands)

1. Accounting policies

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada. Summarized below are those policies considered particularly significant for the Company.

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and all significant subsidiaries except for Muskingum Mining Incorporated, its wholly-owned subsidiary which operates two coal mines in Ohio. Muskingum is accounted for by the equity method as its operations are not part of the Company's principal business and the Company plans to dispose of these operations.

Certain of the Company's gold mining and mineral exploration activities are conducted jointly with others and the financial statements reflect the Company's proportionate interest in such activities.

(b) Translation of foreign currencies

The Company's integrated foreign operations are translated by the temporal method whereby monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date, non-monetary assets and liabilities and related depreciation and amortization are translated at historical exchange rates and revenues and expenses are translated at the exchange rates in effect at transaction dates.

The Company's self-sustaining United States gold operations, are translated using the current rate method whereby all assets and liabilities are translated at exchange rates prevailing at the year end and revenue and expense items at average exchange rates for the year. Translation adjustments arising from changes in exchange rates will form part of the change in the deferred translation adjustments component of shareholders' equity. These adjustments are not included in operations until realized through a reduction in the Company's net investment.

(c) Inventories

Bullion inventory is valued at net realizable value. Gold in process which is contained in the milling circuit and in the ore stock pile is valued at the lower of average cost and net realizable value.

Mine operating supplies are valued at the lower of average cost and net realizable value.

(d) Property, plant and equipment

(i) Property acquisition and deferred mine costs

Property acquisition and deferred underground mine costs are recorded at cost and amortized by the unit of production method based on proven, probable and possible ore reserves.

Mining costs incurred at open pit mines are deferred and charged to income on the basis of the average stripping ratio for the mine.

(ii) Buildings and equipment

Buildings and equipment are recorded at cost and depreciated, net of residual value, using the straight-line method based on the estimated useful lives of the assets ranging from 3 to 20 years.

Repairs and maintenance expenditures are charged to operations; major improvements and replacements which extend the useful life of an asset are capitalized and depreciated over the remaining estimated useful life of that asset.

(iii) Properties under development

Costs incurred in bringing a mining property into production are deferred until commercial production has been achieved at which time the capitalized costs are depreciated and amortized in accordance with the policies described above.

(iv) Mineral exploration

Expenditures on mineral exploration programmes are deferred on a project basis until the viability of the project is determined. If a project is abandoned, the accumulated project costs are charged to operations in the year in which the determination is made. Costs associated with economically viable projects are depreciated and amortized in accordance with the policies described above.

2. Accounting policy change

Following the acquisition of the Mercur mine and the additional interest in the Pinson mine the Company carried out a review of its depreciation policies and reserve estimates. As a result, the Company adopted the straight-line method of depreciation for its buildings, mill facilities and equipment, whereby the cost of such assets, less their residual value, is depreciated over their estimated economic lives. This change, from the unit of production method, results in a more appropriate matching of revenues and expenses and is considered preferable. The effect of the change, which was implemented with effect from January 1, 1985, on the 1985 and prior years' results was not material and, accordingly, prior years' results have not been restated.

3. Business acquisitions

Goldstrike

On December 31, 1986, the Company, through a wholly-owned indirect subsidiary, Barrick Goldstrike Mines Inc., acquired a 50% interest in the Western States Joint Venture for $42,858,640 from the operator, Western States Minerals Corporation. The Western States Joint Venture, constituted under the laws of the state of Colorado, owns the Goldstrike Mine, an open pit gold mine, located in the Elko and Eureka counties of Nevada, U.S.A. Contemporaneously with the purchase the Company was appointed operator of the joint venture.

Consideration for the purchase is payable in instalments with $10,252,000 paid on closing, $12,000,640 paid on January 19, 1987, $10,464,000 due on March 31, 1987 and $10,142,000 due on June 30, 1987. The instalments are secured by the joint venture interest acquired and a guarantee of the Company.

The Company also acquired the mobile mining equipment for $6,347,080 (US$4,600,000) which, prior to the acquisition, had been rented to the joint venture.

The acquisition has been accounted for as a purchase and, accordingly, since the acquisition was completed on December 31, 1986, the results of the joint venture operations will be included in the Company's consolidated financial statements beginning January 1, 1987. The value of the assets and liabilities acquired, including the equipment purchased, based on the consideration paid was as follows:

Assets	
Current assets	$ 1,919
Property acquisition, deferred mine costs, buildings and equipment	49,692
	51,611
Liabilities	
Current liabilities	1,130
Reserve for reclamation	971
	2,101
Net assets at values assigned	$ 49,510
Consideration	
Cash	$ 10,252
Notes payable	38,954
Costs of acquisition	304
	$ 49,510

On January 17, 1987 the Company acquired the other half of the Western States Joint Venture through its acquisition of PanCana Minerals Ltd. (note 20).

Mercur

On June 28, 1985, the Company, through a wholly-owned indirect subsidiary, Barrick Resources (USA) Inc., purchased all of the issued and outstanding shares of a company, which owns the Mercur gold mine, for US$31,000,000 and contingent consideration of a US$9,000,000 production payment on which payments will be made, based on one half of any additional revenue from gold sold above US$385 an ounce. Any such payments will be added to the cost of the assets acquired. As at December 31, 1986 US$398,261 had been paid.

The acquisition has been accounted for as a purchase and, accordingly, these consolidated statements include the results of operations from the date of acquisition. The value of the assets and liabilities acquired based on the consideration paid, was as follows:

Assets	
Current assets	$ 5,748
Property acquisition, deferred mine costs, buildings and equipment	41,828
	47,576
Liabilities	
Current liabilities	3,077
Long-term liabilities	1,155
	4,232
Net assets at values assigned	$ 43,344
Consideration	
Cash	$ 42,120
Costs of acquisition	1,224
	$ 43,344

Pinson

Effective December 31, 1985 the Company acquired all of the issued and outstanding shares of Siscoe Holdings Co., a wholly-owned subsidiary of United Siscoe Mines Inc., which owns a 26.25% interest in the Pinson gold mine and owed the Company $12,892,000, for total consideration of $5,756,000. Prior to the acquisition the Company held an indirect 43.7% interest in Siscoe Holdings. As part of the consideration for the purchase, the Company tendered its United Siscoe shares to United Siscoe for cancellation. As a result the Company has accounted for the transaction as a purchase of 56.3% of Siscoe Holdings and a disposition, at fair value, of its interest in United Siscoe's assets and liabilities other than Siscoe Holdings. Since the effective date of the transaction was the last day of the fiscal year there was no effect on 1985 operating income. The Company's gain of $437,000 on the disposition of its United Siscoe interest and the results of United Siscoe's operations are included in discontinued operations. The results of its interest in the Pinson Mine have been included in other income in 1985 and 1984.

The value of the assets and liabilities acquired, based on the consideration paid was as follows:

Assets	
Current assets	$ 1,335
Property acquisition, deferred mine costs, buildings and equipment	13,196
Other	163
	14,694
Liabilities	
Current liabilities	1,192
Due to American Barrick	7,258
Long-term liabilities	488
	8,938
Net assets at values assigned	$ 5,756
Consideration	
Cash	$ 3,074
Promissory note due January 1, 1987	1,000
United Siscoe Mines Inc. shares tendered for cancellation	1,592
Costs of acquisition	90
	$ 5,756

In addition to the tangible consideration paid, the Company undertook to place by December 31, 1986, United Siscoe's shareholding in the Company in an amount sufficient, when combined with the promissory note given as part consideration for the transaction, to completely repay United Siscoe's outstanding bank indebtedness. The Company has also agreed to provide management services at no charge to United Siscoe until the bank indebtedness has been fully repaid.

Camflo

On July 14, 1984, the Company amalgamated with Camflo Mines Limited ("Camflo") and Bob-Clare Investments Limited ("Bob-Clare"), companies operating in the gold mining and petroleum and natural gas industries, continuing as American Barrick Resources Corporation (formerly Barrick Resources Corporation), whereby common shareholders of the Company received one common share of the amalgamated corporation for each common share held. Preferred shareholders of the Company received one preferred share, with identical attributes, of the amalgamated corporation for each preferred share held. Shareholders of Camflo, except Bob-Clare, whose Camflo shares were cancelled, received seven common shares of the amalgamated corporation for each common share held. Shareholders of Bob-Clare received 952,381 First preferred shares, Series B of the amalgamated corporation. Concurrent with the amalgamation, the Company completed a private placement of $30,000,000 of treasury shares, repaid $26,277,000 of bank debt and restructured the remaining bank debt into a $40,000,000 term loan and a $30,000,000 operating loan.

As the amalgamation resulted in the previous shareholders of the Company owning a majority of the shares of the amalgamated Company, the amalgamation has been accounted for as a purchase by the Company of Camflo and Bob-Clare as at July 14, 1984 and, accordingly, these consolidated financial statements include the results of operations of Camflo and Bob-Clare from that date. Details of the acquisition are as follows:

Assets	
Property acquisition, deferred mine costs, buildings and equipment	$ 59,528
Mineral exploration	14,000
Petroleum and natural gas	56,900
Investments	39,698
Other assets	1,548
	171,674
Liabilities	
Working capital deficiency	53,894
Long-term debt and other liabilities	64,596
	118,490
Net assets at fair values assigned	$ 53,184
Consideration	
Issue of	
22,817,795 common shares	$ 47,917
952,381 First preferred shares, Series B	2,000
6,000,001 warrants	3,000
	52,917
Deduct Company's interest in its shares held by business acquired	1,261
	51,656
Costs of amalgamation	1,528
	$ 53,184

4. Marketable securities

As at December 31, 1986 the Company's marketable securities consisted principally of a significant shareholding in Consolidated Gold Fields PLC, a major international mining company. The market value of the Company's marketable securities at year end was $116,774,000 as compared with a book value of $108,269,000. Subsequent to the year end, marketable securities with a book value of $88,144,000 were sold for $95,809,000. No gross unrealized losses are included in the portfolio at year end.

Included in marketable securities as at December 31, 1986 was a margin deposit of $3,836,000 (US$2,780,000) which the Company had funded in connection with its participation in gold options trading (note 19(d)) and amounts due from brokers of $17,196,000.

5. Inventories and prepaid expenses	1986	1985
Mine operating supplies	$ 5,642	$5,100
Gold in process	5,826	3,598
Prepaid expenses	1,005	1,112
	$12,473	$9,810

6. Property, plant and equipment	1986			1985		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Property acquisition and deferred mine costs	$133,948	$20,549	$113,399	$ 81,808	$10,482	$ 71,326
Buildings and equipment	78,267	10,840	67,427	81,469	7,930	73,539
Equipment under capital lease	7,229	1,296	5,933	–	–	–
Property under development	22,369	–	22,369	–	–	–
Mineral exploration	13,334	–	13,334	19,897	–	19,897
	$255,147	$32,685	$222,462	$183,174	$18,412	$164,762

7. Investments	1986	1985
Muskingum Mining Incorporated		
Notes receivable US$4,738,000 (1985 US$10,878,000)	$ 6,538	$14,234
Shares, at cost	6,200	633
Share of earnings	5,888	3,816
	18,626	18,683
Gold Company of America		
Units, at cost (market value $1,131,120, 1985 $945,600)	1,027	1,246
	$19,653	$19,929

During the year the Company merged one of its subsidiaries with Muskingum which resulted in an exchange of certain of the Company's notes receivable for additional shares of Muskingum.

8. Other assets	1986	1985
Premium due on maturity of notes payable (note 10)	$ 7,727	$ –
Deferred income tax benefit of loss carry-forwards	6,982	9,000
Deferred financing costs (note 10)	2,895	818
Other	1,744	1,987
	$19,348	$11,805

9. Loans payable	1986	1985
Brokers' margin accounts	$30,790	$ –
Bank loans	–	5,332
	$30,790	$5,332

The brokers' margin accounts bear interest and are collateralized by the Company's shareholding in Consolidated Gold Fields PLC. The brokers' accounts were repaid subsequent to the year end.

10. Long-term debt and other liabilities	**1986**	1985
Guaranteed notes payable	**$76,925**	$ –
Bank loans	**4,000**	4,742
Capital leases	**6,360**	1,087
Reclamation reserve	**3,215**	1,538
Deferred compensation	**2,794**	1,935
Other	**–**	4,415
	93,294	13,717
Current portion of long-term liabilities	**12,782**	1,214
	$80,512	$12,503

Guaranteed notes payable

On October 31, 1986 Barrick Resources (USA) Inc. an indirect, wholly-owned subsidiary of the Company issued US$50,000,472 5¼%, guaranteed notes. The notes are convertible into gold bullion, at the option of the holder, at any time after October 31, 1987 and prior to maturity, at US$530 per ounce of gold. Any notes tendered for conversion into gold may be reissued by the Company. The notes, to the extent not converted into gold, mature on October 31, 1991 at 111.5% of the original principal amount, which at the date of issue was US$55,750,531. The premium of $7,993,150 (US$5,750,059) and costs associated with the issue are included in other assets and are amortized over the term of the notes.

The notes are unsecured and guaranteed by the Company. The issuer has convenanted not to incur debt in excess of US$150,000,000 unless such additional indebtedness is secured indebtedness incurred to acquire or bring into production a gold producing asset. The Company has convenanted not to create any additional security interests in assets held prior to October 31, 1986 unless such security interest is required to raise funds to acquire or bring into production a gold producing asset. The Company has also convenanted to maintain gold production at a level sufficient to meet its commitments to deliver gold.

Bank loan

The bank loan bears interest at Canadian prime plus ⅞ of 1% (10.6% December 31, 1986) and is collateralized by the granting of a security interest in the assets of the Renabie mine as part of a fixed and floating charge demand debenture in the amount of $10,000,000. The loan is revolving until September 30, 1987 at which time the then outstanding amount is repayable in equal monthly instalments commencing on October 31, 1987 and continuing to at least September 30, 1989 but not beyond September 30, 1991. The term of repayment will be established on October 1, 1987 and reviewed annually thereafter and will be based upon 75% of the then established life of the mine.

Capital leases

On June 30, 1986, a wholly-owned indirect subsidiary of the Company sold substantially all of the Mercur Mine mobile equipment for US$10,000,000 and contemporaneously leased back the equipment for a period of five years with an option to purchase the equipment at the end of the lease for US$3,000,000. The lease requires semi-annual payments of US$1,086,000 and a supplemental rental payment of US$1,000,000 at the end of the lease if the equipment is not purchased.

In accordance with the terms of the lease US$3,016,000 was recorded as a capital lease obligation bearing interest at 10.8% per annum. The remainder of the lease has been accounted for as an operating lease which requires minimum annual lease payments of US$1,435,000. Rent expense of US$718,000 was recorded during 1986.

Other capital leases were incurred principally in connection with financing mine equipment and are repayable over periods ranging from two to five years with interest ranging from 8.6% to 12.5%.

11. Deferred revenue	1986	1985
Gold Company of America	$38,108	$44,516
Bullion loan	28,536	34,868
Gold purchase warrants	5,521	–
Renabie Gold Trust	5,360	6,265
Other	3,453	–
	80,978	85,649
Current portion of deferred revenue	19,110	–
	$61,868	$85,649

Gold Company of America

In January 1985, Barrick Minerals (Canada) Inc., a wholly-owned subsidiary of the Company, entered into two gold purchase agreements amounting to $53,000,000 (US$40,000,000) for the sale of gold from the Camflo Mine to Gold Company of America, a limited partnership in which a wholly-owned indirect subsidiary of the Company is a general partner. The contracts which provide for the purchase of up to 395,725 ounces of gold of which 17,082 ounces have been delivered to December 31, 1986, require gold to be delivered to the Partnership based on a percentage rate per annum of the total contract price which rate is dependent on the prevailing price of gold at the time of its delivery. The rate is 8% when gold is US$365 per ounce and increases or decreases 1% for every US$35 change in the price of gold to a maximum US$1,500 per ounce.

The total amount of reserves which may be available for gold deliveries under these agreements is unknown, however, based on the Camflo Mine's presently known reserves, including its interest in the Malartic Hygrade reserves, the mine has approximately five years of reserves remaining. All of the assets of Barrick Minerals (Canada) Inc., including the Camflo Mine (net book value $45,417,000), have been pledged as security for the gold purchase agreements.

The net proceeds have been accounted for as deferred revenue and will be recognized in income over the estimated economic life of the contracts.

Bullion loan

As at December 31, 1986 64,975 ounces were outstanding under the bullion loan. The bullion loan bears interest at approximately 2% per annum, requires semi-annual mandatory deliveries of 9,282 ounces and is collateralized by the assets of the Mercur Mine, which have a carrying value in these financial statements of $57,193,000, and a guarantee of the Company. In addition to the mandatory deliveries, annually on April 1 until the loan is repaid, the borrower is required to make accelerated deliveries equal to 50% of the cashflow from the Mercur Mine after deducting approved capital expenditures and mandatory deliveries for the preceding year. Accelerated deliveries due for the year ended December 31, 1986 amounted to 7,937 ounces.

Bullion loan proceeds have been accounted for as deferred revenue and are recognized in income as deliveries are made at the rate of US$319 per ounce.

Gold purchase warrants

On September 25, 1986 the Company issued 2,000,000 units at $21.50 per unit, each unit consisting of one common share and two gold purchase warrants. Each warrant entitles the holder to purchase 0.02 troy ounces of gold (80,000 ounces in total) from the Company at US$9.20 (which is equivalent to US$460 per ounce of gold) at anytime up to September 25, 1990. The warrants were issued at $1.50 per warrant and net proceeds of $5,521,000 have been accounted for as deferred revenue and will be recognized in income at the earlier of the date the warrants are exercised or expire.

Renabie Gold Trust

Under the terms of a gold acquisition agreement the Renabie Gold Trust receives a percentage of future gold production from the Renabie Mine, in which the Company has a 50% interest, ranging from 3% to 10%, depending upon the then current price of gold. The Renabie Joint Venture has issued to the Trust a $60,000,000 debenture collateralized by a mortgage and a charge on the Renabie Mine and a floating charge over Renabie's other properties. The Company's share of these assets at December 31, 1986 is carried at $22,996,000 in these financial statements.

The net proceeds received under the gold acquisition agreement are accounted for as deferred revenue and recognized in income as distributions are made to the Trust.

12. Capital stock	**Authorized**	**Issued**	
Common shares	Unlimited	22,150,845	$123,780
First preferred shares			
Series A	9,922,476	157,547	299
Series B	9,047,619	–	–
Second preferred shares			
Series A	14,953,875	227,021	552
Warrants		6,199,001	3,159
			$127,790

	Shares	
Common shares		
Outstanding at December 31, 1983	57,784,184	$ 46,005
Issued during 1984		
For cash	14,754,617	30,730
On conversion of first preferred shares, series A	421,005	799
In consideration for all of the outstanding shares of Camflo, except for shares held by Bob-Clare	22,817,795	47,917
Outstanding at December 31, 1984	95,777,601	125,451
Issued during 1985		
For cash	1,786,950	2,643
On conversion of first preferred shares, series A	13,286	25
One for five share consolidation	(78,062,270)	–
Outstanding at December 31, 1985	19,515,567	128,119
Issued during 1986		
For cash	2,341,624	39,978
On conversion of first preferred shares,		
Series A	7,423	71
Series B	190,476	2,000
On exercise of warrants	40,200	482
For a mineral exploration property	55,555	500
Elimination of deficit by a reduction in stated capital of common shares	–	(47,370)
Outstanding at December 31, 1986	22,150,845	$123,780

	Shares	
First preferred shares, series A		
Outstanding at December 31, 1983	629,240	$ 1,195
Converted to common shares	(421,005)	(799)
Redeemed for cash	(288)	(1)
Outstanding at December 31, 1984	207,947	395
Converted to common shares during 1985	(13,286)	(25)
Outstanding December 31, 1985	194,661	370
Converted to common shares during 1986	(37,114)	(71)
Outstanding December 31, 1986	157,547	$ 299
First preferred shares, series B		
Issued during 1984		
In consideration for all of the outstanding shares of Bob-Clare	952,381	$ 2,000
Outstanding at December 31, 1984 and December 31, 1985	952,381	2,000
Converted to common shares during 1986	(952,381)	(2,000)
Outstanding at December 31, 1986	–	$ –
Second preferred shares, series A		
Outstanding at December 31, 1983	819,351	$ 1,991
Exchanged for Cullaton common shares	(359,719)	(874)
Redeemed for cash	(203,613)	(495)
Outstanding at December 31, 1984	256,019	622
Redeemed for cash	(18,951)	(46)
Outstanding at December 31, 1985	237,068	576
Redeemed for cash	(10,047)	(24)
Outstanding at December 31, 1986	227,021	$ 552
Warrants		
Issued during 1984		
In consideration for all of the outstanding warrants of Camflo	6,000,001	$ 3,000
Outstanding at December 31, 1984	6,000,001	3,000
Issued during 1985		
In part consideration for the Barrick Mercur Loan	400,000	320
Outstanding at December 31, 1985	6,400,001	3,320
Exercised during 1986	(201,000)	(161)
Outstanding at December 31, 1986	6,199,001	$ 3,159

Common shares

All references to common shares that follow reflect the effect of a one for five share consolidation which became effective December 13, 1985.

On September 25, 1986 the Company issued 2,000,000 units at $21.50 per unit, each unit consisting of one common share and two gold purchase warrants. The common shares were issued at $18.50 per share for a total consideration of $37,000,000. Costs associated with the common share issue have been charged directly to retained earnings.

During the year the Company issued 229,944 common shares pursuant to two flow through share financing arrangements to raise funds to be spent on Canadian mineral exploration. The total consideration for the shares was $3,500,957, of which $2,184,980 represented consideration for the shares issued and the balance was offset against the mineral exploration expenditures incurred.

On May 28, 1986 the shareholders of the Company approved a reduction in the stated capital of the common shares of $47,370,000, which eliminated the deficit as at December 31, 1985.

First preferred shares, series A

The first preferred shares, series A, carry a non-cumulative dividend of $0.114 per share per annum and are convertible into common shares on a five-for-one basis. These shares are redeemable at the option of the Company at the lesser of $1.90 or at a price (stipulated by the Company) equal to one fifth the weighted average price of the Company's common shares on The Toronto Stock Exchange over a period of 20 consecutive trading days ending not more than 5 days prior to the date upon which notice of such price is given by the Company.

Second preferred shares, series A

The second preferred shares, series A carry a non-cumulative dividend of $0.222 per share per annum and are redeemable at the option of the holder at $2.43 per share. Prior to March 5, 1984 these shares were exchangeable into shares of Cullaton Lakes Gold Mines Limited.

Warrants

The warrants are comprised of 5,999,001 warrants which entitle the holder to subscribe for one fifth of a common share of the Company at $10.50 per share and expire on July 13, 1989 and 200,000 warrants which entitle the holder to subscribe for one fifth of a common share of the Company at $8.00 per share and expire on June 27, 1987.

Common share purchase options

There are common share purchase options outstanding, expiring at various dates to October 13, 1990 for 453,500 (1985, 474,580) common shares at prices between $7.00 and $22.75 per share. Subsequent to December 31, 1986, options to acquire an additional 750,000 common shares at $27.75 per share were issued with an expiry date February 5, 1991.

	1986	1985
Outstanding at beginning of year	**474,580**	428,950
Granted during the year	**109,900**	378,400
Exercised at an average price of $7.09 per share (1985 $6.80 per share)	**(111,880)**	(200,620)
Expired during the year	**(19,100)**	(132,150)
Outstanding at end of year	**453,500**	474,580

In 1984, 29,400 common shares were issued upon the exercise of stock options at an average price of $6.43 per share.

Fully diluted earnings per share

Fully diluted earnings per share reflect the dilutive effect of the conversion of the first preferred shares and the exercise of the common share purchase warrants and options outstanding as at December 31, 1986. Interest on the funds which would have been received had the warrants and options been exercised of $612,000, net of income tax, has been imputed at a rate of 8% per annum.

13. Other income

	1986	1985	1984
Share of earnings of equity accounted companies	$2,072	$3,007	$ 833
Interest, dividend and option income	3,280	2,460	2,276
Other income (net)	558	1,237	(509)
	$5,910	$6,704	$2,600

During the year, the Company sold call options to increase its income from marketable securities. As at December 31, 1986, the Company had included in income a portion of the option premium relating to unexpired options.

14. Income taxes

As the Company operates in a specialized industry and in several geographic segments its income is subject to varying rates of taxation. A reconciliation of the Canadian federal income tax rate with the Company's effective income tax rate is set out below:

	1986	1985	1984
Canadian federal income tax rate of expense (recovery)	46.0%	46.0%	(46.0)%
Increase (decrease) resulting from:			
Provincial income tax rates	(0.1)	(4.5)	2.3
Resource and depletion allowances	(23.7)	(29.7)	(11.2)
Non deductible depreciation and depletion arising from acquisitions	8.5	0.5	13.5
Capital (gains) losses	(3.2)	1.9	4.5
Unrecorded tax benefits of subsidiaries and equity accounted affiliates	–	12.4	2.8
Rate differential on drawdown of deferred income tax benefit of loss carry-forwards	(11.4)	–	–
Foreign tax rates	(1.3)	(0.3)	–
Non deductible expenses	–	–	3.6
Miscellaneous	0.3	(1.2)	(1.0)
Effective rate of income tax expense (recovery)	15.1%	25.1%	(31.5)%

	1986	1985	1984
The principal timing differences and their tax effect are as follows:			
Current year's tax losses	$ 2,341	$ 2,037	$1,050
Depreciation, depletion and amortization	(4,596)	(2,411)	438
Resource allowances	12	(14)	(90)
Capitalized expenditures	(688)	(632)	–
Mine development costs	(27)	(433)	–
Pension and employee benefits	26	217	–
Other items	132	(264)	110
	$(2,800)	$(1,500)	$1,508

	1986	1985	1984
Net income (loss) before taxes:			
Canada	$ 1,407	$(4,646)	$(6,520)
United States	16,455	10,169	1,296
	$17,862	$5,523	$(5,224)

	1986	1985	1984
Deferred taxes by jurisdiction:			
United States – federal	**$(2,408)**	$(1,320)	$ –
Canadian – federal	**(307)**	20	1,112
Other	**(85)**	(200)	396
	$(2,800)	$(1,500)	$1,508

15. Extraordinary items

	1986	1985	1984
Provision for loss on petroleum and natural gas interests, net of $9,475 income taxes recovered (1984, $1,900 expense)	**$ –**	$24,004	$10,099
Provision for loss on investment in affiliated company, net of $1,845 income taxes recovered (1984, $500)	**–**	2,388	694
Computer software costs	**–**	–	1,585
	$ –	$26,392	$12,378

Further to its decision to discontinue its oil and gas operations, including those held through an affiliated company, the Company fully provided for its oil and gas interests based on its estimate of their net realizable value.

16. Related party transactions

Office premises and administrative expenses are shared with certain related companies, including a company the shareholder of which is a director of the Company and other related companies. These expenses are allocated amongst the companies based on their proportionate share of the actual costs incurred. Fees for legal and consulting services have been paid to professionals who are directors of the Company, a subsidiary or a related company.

Amounts due from affiliated companies at December 31, 1986 amounting to $872,000 (1985 $659,000) are included in accounts receivable.

At December 31, 1986 there were outstanding $284,000 (1985 $322,000) of residence loans bearing interest at 7% per annum and $897,000 (1985 $1,431,000) of interest free non-recourse loans, repayable by 1991, to officers or former officers for the acquisition of Company shares under an incentive stock purchase plan; of these amounts $863,000 (1985 $772,000) is included in accounts receivable and $318,000 (1985 $981,000) is included in other assets.

17. Business segments

The Company operates in the gold mining industry in two geographic areas: Canada and the United States.

	1986	1985	1984
Revenue			
Canada	$ 27,142	$ 23,642	$12,158
United States	62,682	24,876	1,625
	$ 89,824	$ 48,518	$13,783
Depreciation, depletion and amortization			
Canada	$ 9,303	$ 9,360	$ 3,903
United States	6,043	2,137	652
	$ 15,346	$ 11,497	$ 4,555
Income (loss) before extraordinary items			
Operating income (loss)			
Canada	$ 1,906	$ (1,710)	$ (1,128)
United States	20,544	7,974	(7)
	22,450	6,264	(1,135)
General corporate expenses, net	(4,413)	(497)	(6,050)
Deferred income taxes	(2,800)	(1,500)	1,508
Exploration costs	(175)	(448)	–
Discontinued operations	–	204	1,961
	$ 15,062	$ 4,023	$ (3,716)

Identifiable assets by geographic area	1986	1985
Canada	$ 96,742	$ 91,263
United States	140,641	81,408
Identifiable assets	237,383	172,671
Corporate assets	157,449	22,295
Investments	19,653	19,929
Total assets	$414,485	$214,895

18. Joint ventures

The Company's 50% interest in Renabie, 26.25% interest in Pinson and 23.125% interest in Valdez Creek have been proportionately consolidated. The Company's interests in these investments are summarized below:

	1986	1985	1984
Assets	$54,866	$45,962	$24,427
Liabilities	15,571	10,958	12,251
Revenue	22,512	8,970	5,595
Expenses	17,193	9,450	6,668

The Company has granted an option to acquire 10% of the Company's interest in Renabie for $1,160,000 exercisable until January 1, 1989.

Under the terms of the Renabie shareholder agreement either Barrick or its partner may, at any time after December 31, 1985, require the other to purchase its interest in Renabie at a stipulated price or, at the other's option, sell its own holding to the other partner at such price.

During 1986, Valdez Creek experienced operating difficulties. The Company is closely monitoring current operations and is reviewing the economic viability of the project.

19. Commitments and contingent liabilities

a) Pursuant to an operating agreement with Barrick Resources (USA) Inc. ("Barrick Resources"), a wholly-owned indirect subsidiary of the Company, Gold Standard Inc. ("GSI") is entitled to a 15% net profits interest in the Mercur Mine. GSI has filed suit in the Third Judicial District Court of Tooele County, Utah, against the Company and Barrick Resources, among others, alleging that the defendants have breached certain of their obligations under the operating agreement.

GSI is seeking relief in the action of, among other things, the rescission of the Operating Agreement, the return of title to the Mercur Mine to GSI (or payment to GSI of US$294 million) and approximately US$650 million.

In June of 1985, the Company requested that its counsel review certain anticipated claims by GSI with respect to the Mercur Mine. The first was a claim that the 25% participating interest of GSI in the Mercur Mine had been improperly converted to a 15% net profits interest; the second was a claim by GSI of a right to reacquire its initial 25% participating interest in the Mercur Mine; and the third was a claim by GSI of a right of first refusal in the event of a sale of Getty Mining Company's (former owner) interest in the Mercur Mine. Based upon a review of the documentation made available to it by Getty, the Company's counsel advised that the anticipated claims of GSI appeared to be without merit and the likelihood of an unfavourable outcome to Barrick was relatively remote.

To the extent that the claims in the complaint extend beyond the anticipated claims, Barrick's counsel is unable to render an opinion at this time since the lawsuit was only recently filed and no discovery has been undertaken. The Company's management is of the opinion that the lawsuit is without merit and intends to vigorously defend the action. It is not possible to estimate the loss, if any, which might result from this claim. Any such loss would be accounted for as a prior period adjustment.

b) The Company is a party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the business or financial position of the Company.

c) The Company has guaranteed a mortgage payable by Muskingum, aggregating US$2,262,000 at December 31, 1986 (US$3,413,000 at December 31, 1985), which is collateralized by a lien upon substantially all of the assets of Muskingum. This mortgage is being repaid on a monthly basis over two years from Muskingum's cash flow and it is unlikely the Company's guarantee will be called upon.

d) In conjunction with the Company's gold marketing policy it has entered into an agreement with a third party to carry out trading in gold options. Under the terms of the agreement the trading is conducted by the third party, with profits to be shared equally and losses to be borne in total by the third party. The Company is the guarantor of the account with the metal trading broker and has funded the account with a margin deposit of $3,836,000 (US$2,780,000). As at December 31, 1986 there were realized and unrealized losses from the trading activities of approximately $4,000,000 for which the Company is contingently liable. No amount has been provided in the accounts as the Company does not expect to be called upon under its guarantee.

e) As at December 31, 1986, under the Company's gold hedging program, 92,600 ounces of gold had been sold forward for delivery through December 1987, at an average price of US$364 per ounce. Revenue is recognized as gold is delivered. Under the terms of the US$50,000,472, 5¼%

guaranteed notes due October 31, 1991, the Company is restricted from selling forward more than 50% of its annual consolidated gold production.

f) The Company has decided, based on the results of its underground development work, to bring the Holt-McDermott Mine into commercial production. Overall development costs of the mine are estimated at $50,000,000. As at December 31, 1986, the Company had entered into contracts and purchase commitment aggregating $4,671,000.

g) Deferred revenue deliveries based on a gold price of US$400 per ounce, and long-term debt repayments, including capital lease obligations, estimated to be delivered or repaid in each of the next five years are as follows:

1987	$31,892
1988	27,453
1989	25,143
1990	16,775
1991	32,759

20. Subsequent events

PanCana Minerals Ltd. acquisition

Pursuant to an Arrangement Agreement dated December 16, 1986 between the Company and PanCana Minerals Ltd. ("PanCana"), the Company acquired on January 17, 1987 all of the issued and outstanding shares of PanCana in exchange for 2,109,224 common shares of the Company, valued at $37,966,032, and a cash payment of $333,573. The offer to acquire PanCana shares has been extended to the convertible debenture holders of PanCana, which may require the issue of an additional 230,384 common shares of the Company. PanCana has as its principal asset a 50% interest in the Goldstrike Mine located in Nevada, U.S.A.

Guaranteed gold indexed notes

On February 26, 1987 the Company through a wholly-owned indirect subsidiary issued US$50,000,916, 2% guaranteed gold indexed notes due 1992. The notes are redeemable at the option of the holder at any time after February 26, 1988 for an amount equal to the value of the specified gold entitlement based on the then current price of gold. The specified gold entitlement is initially 100 grams of gold increasing to 105.145 grams of gold on maturity for each note. The notes are unsecured and guaranteed by the Company.

21. Summary financial information

The following table sets out summarized financial information about unconsolidated subsidiaries and 50% or less owned investees:

	Unconsolidated subsidiaries			50% or less owned investees		
	1986	1985	1984	**1986**	1985	1984
Current assets	**$13,173**	$15,576	$16,754	**$ –**	$ 614	$ 2,428
Non-current assets	**42,213**	47,701	45,544	**–**	8,693	48,712
Current liabilities	**25,528**	28,055	27,745	**–**	9,157	27,210
Non-current liabilities	**17,770**	31,032	34,553	**–**	150	12,310
Revenue	**56,256**	55,549	55,203	**842**	2,120	11,058
Operating costs	**54,184**	52,601	52,601	**842**	2,017	10,703
Net income (loss)	**2,072**	2,516	2,781	**–**	–	(1,343)

22. Unaudited pro forma financial information

The unaudited pro forma results of operations of the Company as if the acquisition of Goldstrike as discussed in note 3 had occurred January 1, 1985 and as if the other acquisitions in note 3 had occurred January 1, 1984 are as follows:

	1986	1985	1984
Revenue	**$102,490**	$ 82,909	$58,486
Net income before extraordinary items	**15,872**	4,303	(1,441)
Net income (loss) for the year	**15,872**	(22,084)	(13,819)
Net income (loss) per share (dollars)			
Before extraordinary items	**0.78**	0.22	(0.10)
For the year	**0.78**	(1.15)	(0.90)
Fully diluted net income (loss) per share			
Before extraordinary items	**0.74**	0.22	(0.10)
For the year	**0.74**	(1.15)	(0.90)

The excess of the purchase price over the book value of the net assets acquired will be amortized over the estimated economic life of the underlying assets to which it has been allocated.

23. Pension obligations

The Company and its subsidiaries have several pension plans covering approximately 75% of their employees, including certain employees in other countries. The total pension expense for 1986, 1985 and 1984 was $766,000, $352,000 and $147,000 respectively. The Company makes annual contributions to the defined contribution plans equal to the amounts accrued for pension expense at rates of 4½% to 5% of employees' basic earnings. A comparison of accumulated plan benefits and plan net assets for the Company's domestic defined benefit plan is presented below:

	1986	1985	1984
Actuarial present value of accumulated vested plan benefits as at December 31	**$1,479**	$638	$567

Prior to 1986, the Company shared equally the liability arising under this plan with an affiliate. Commencing in 1986 the Company assumed the full liability, however, no assets have been set aside to satisfy these benefit obligations.
The Company has fully accrued for the accumulated plan benefits as noted above and funds the benefits as they become payable. The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 8%.

24. Comparative figures

Certain comparative figures have been restated to conform to the 1986 presentation.

25. Differences from United States accounting principles

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada. United States generally accepted accounting principles differ in the following material areas:

(a) The Company's second preferered shares, series A which are redeemable by the holder at any time, would be excluded from capital stock. Notes receivable from officers and directors relating to share purchase loans would be recorded as a reduction of capital stock. Costs incurred in raising capital, which have been charged directly to retained earnings, would be deducted from capital stock. As at December 31, 1986 and 1985 capital stock would be reduced by $4,576,000 and $3,689,000 respectively.

(b) Certain deferred taxes relating to business combinations accounted for using the purchase method would not be carried forward. Accordingly as at December 31, 1986 and 1985, deferred tax credits amounting to $6,884,000 and $6,938,000, respectively, would be eliminated and the carrying value of "Property, Plant and Equipment" would be reduced by $6,884,000 and $6,938,000 respectively.

(c) Current liabilities would be increased and long-term debt reduced by $42,072,000 representing the additional current portion of callable obligations under United States generally accepted accounting principles.

(d) Long-term debt and other assets would be reduced by $7,727,000 representing the premium due on maturity of notes payable.

(e) Current liabilities would be increased and deferred revenue reduced by $6,986,000 in 1985 representing the current portion of deferred revenue.

(f) The Company's subsidiary Muskingum Mining Incorporated would be accounted for by the cost method. In addition, the Company's share of earnings of other equity accounted companies would be restated to reflect an adjustment to the previously reported amounts in order that the investees conform to United States accounting principles.

(g) Deferred foreign exchange translation gains and losses on monetary items with fixed or ascertainable lives would be included in income.

(h) Deferred refunding costs would be charged to earnings as incurred.

(i) Interest costs associated with properties under development would be capitalized.

(j) Certain overhead administrative costs would be charged to earnings as incurred.

(k) As a result of the accounting for deferred taxes noted in paragraph (b), income taxes would be restated.

(l) Deferred computer software development costs would be charged to earnings as incurred and included in operating income rather than as an extraordinary item.

(m) The provision for loss on petroleum and natural gas interests and sale of investment in affiliated company, classified as extraordinary items, would be included in loss from discontinued operations.

(n) Any loss which may arise from the claims described in note 19(a) would be accounted for currently in the period in which the settlement occurs.

The following summary sets out the adjustments to the Company's reported net income or loss in order to conform to accounting principles generally accepted in the United States:

	1986	1985	1984
Net income (loss) before extraordinary items as reported	**$15,062**	$ 4,023	$ (3,716)
Cost method applied to Muskingum Mining Incorporated and change in share of earnings of other equity accounted companies	**(2,072)**	(2,516)	(897)
Foreign exchange translation	**555**	–	–
Refunding cost	**(347)**	–	–
Capitalized interest	–	–	516
Write-off of capitalized overhead costs	–	346	(346)
Change in income taxes	–	–	(634)
Deferred software development costs	–	–	(45)
Discontinued operations	–	(204)	(1,961)
Net income (loss) from continuing operations	**13,198**	1,649	(7,083)
Discontinued operations	–	204	1,961
Reclassification of extraordinary items as discontinued operations	–	(26,392)	(10,793)
Net income (loss) for the year based on United States accounting principles	**$13,198**	$(24,539)	$(15,915)
Weighted average number of shares outstanding during the year (in thousands) – Primary	**21,002**	19,044	15,229
– Fully diluted	**21,077**	19,044	15,229
Net income (loss) per share from continuing operations – Primary and fully diluted	**$0.63**	$0.09	$(0.47)
Net income (loss) per share – Primary and fully diluted	**$0.63**	$ (1.29)	$ (1.05)

All warrants, options and convertible preferred shares have been treated as common stock equivalents.

The following adjustments would be necessary to restate the Company's retained earnings in accordance with accounting principles generally accepted in the United States:

	1986	1985	1984
Retained earnings (deficit) as reported (note 12)	**$13,617**	$(47,370)	$(24,854)
Cost method applied to Muskingum Mining Incorporated and change in share of earnings of other equity accounted companies	**(5,485)**	(3,413)	(897)
Foreign exchange translation	**555**	–	–
Refunding cost	**(347)**	–	–
Capitalized interest	**516**	516	516
Write-off of capitalized overhead costs	–	–	(346)
Change in income taxes	**(634)**	(634)	(634)
Costs incurred in raising capital	**3,127**	1,682	1,682
Retained earnings (deficit) based on United States accounting principles	**$11,349**	$(49,219)	$(24,533)

Auditors' report

To the Shareholders of
American Barrick Resources Corporation

We have examined the consolidated balance sheets of American Barrick Resources Corporation as at December 31, 1986 and 1985 and the consolidated statements of income, retained earnings and changes in financial position for each of the three years in the period ended December 31, 1986. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1986 and 1985 and the results of its operations and the changes in its financial position for each of the three years in the period ended December 31, 1986 in accordance with generally accepted accounting principles in Canada applied on a consistent basis.

Coopers & Lybrand

Toronto, Canada
March 6, 1987

Chartered Accountants

Comments by auditors for United States readers on Canada-United States reporting differences

In the United States, reporting standards for auditors require that their opinion be expressed as being subject to the outcome of significant uncertainties when the financial statements are affected by matters such as that referred to in Note 19(a) of the financial statements. The above opinion is expressed in accordance with Canadian requirements and is not expressed as being subject to, and provides no reference to, this uncertainty since such an opinion would not be in accordance with Canadian reporting standards for auditors when the matter is adequately disclosed in the financial statements.

Coopers & Lybrand

Toronto, Canada
March 6, 1987

Chartered Accountants

Supplemental Information

American Barrick Resources Corporation

Summary Quarterly Data *(Unaudited)*

1986	First quarter	Second quarter	Third quarter	Fourth quarter	Year
	(in thousands, except per share data)				
Revenue	$20,182	$23,758	$21,404	$24,480	$89,824
Income from operations	7,931	10,106	8,837	6,385	33,259
Net income for the period	3,020	4,112	4,225	3,705	15,062
Net income per share					
For the period	$0.15	$0.21	$0.21	$0.17	$0.74
Fully diluted net income per share					
For the period	$0.15	$0.21	$0.19	$0.16	$0.71

1985					
Revenue	$4,942	$5,397	$19,316	$18,863	$48,518
Income from operations	904	906	7,274	5,741	14,825
Net income (loss) before extraordinary items	(958)	738	623	3,620	4,023
Net income (loss) for the period (1)	(958)	738	1,323	(23,472)	(22,369)
Net income (loss) per share					
Before extraordinary items	$ (0.05)	$ 0.04	$ 0.03	$ 0.19	$ 0.21
For the period (1)	$ (0.05)	$ 0.04	$ 0.06	$ (1.22)	$ (1.17)
Fully diluted net income (loss) per share					
Before extraordinary items	$ (0.05)	$ 0.04	$ 0.03	$ 0.19	$ 0.21
For the period (1)	$ (0.05)	$ 0.04	$ 0.06	$ (1.22)	$ (1.17)

(1) Further to the decision to dispose of its oil and gas operations, including those held through an affiliated company, the Company fully provided for the oil and gas interests in the fourth quarter.

Summary financial data

The following table sets forth certain selected financial data with respect to Barrick for the periods indicated. Reference is made to the Consolidated Financial Statements of Barrick contained herein for a discussion of business acquisitions and mergers.

Year ended December 31	1986	1985	1984	1983	1982
		(in thousands, except per share data)			
Revenue	**$89,824**	$48,518	$13,783	$ 1,672	$ –
Interest and other income	**5,910**	6,704	2,600	280	161
Net income (loss) from continuing operations	**15,062**	3,819	(5,677)	(4,421)	(710)
Net income (loss) from continuing operations per share	**0.74**	0.21	(0.38)	(0.45)	(0.10)
Net income (loss) for the year	**15,062**	(22,369)	(16,094)	(4,421)	(710)
Net income (loss) for the year per share	**0.74**	(1.17)	(1.05)	(0.45)	(0.10)
Total assets	**414,485**	214,895	219,002	52,540	24,819
Long-term debt and other liabilities (1)	**80,512**	12,503	53,928	3,617	3,049
Deferred revenue (1)	**61,868**	85,649	6,880	–	–
Redeemable preferred shares	**851**	2,946	3,017	3,186	–

Reference is made to Note 25 to the Consolidated Financial Statements of Barrick for differences between Canadian and United States generally accepted accounting principles. The effect of these differences on the financial information set forth above would be as follows:

Year ended December 31	1986	1985	1984	1983	1982
		(thousands of dollars, except per share data)			
Interest and other income	**$ 3,838**	$ 4,188	$ 1,703	$ 280	$ 161
Net income (loss) from continuing operations	**13,198**	1,649	(7,083)	(4,375)	(2,296)
Net income (loss) from continuing operations per share	**0.63**	0.09	(0.47)	(0.45)	(0.30)
Net income (loss) for the year	**13,198**	(24,539)	(15,915)	(4,375)	(2,296)
Net income (loss) for the year per share	**0.63**	(1.29)	(1.05)	(0.45)	(0.30)
Total assets	**394,008**	202,995	208,165	50,563	23,233
Long-term debt and other liabilties (1)	**30,710**	12,503	53,928	3,617	3,049
Deferred revenue (1)	**62,215**	78,663	6,880	–	–

(1) Excludes current portion.
(2) Refer to notes 3, 15 and 19 to the consolidated financial statements for information regarding acquisitions, disposals and contingencies.

Market for the Company's shares and related shareholders' matters

The Company's common shares are listed on the Toronto, Montreal and New York stock exchanges and on the Paris Bourse. The Company's listing on the New York Stock Exchange became effective February 25, 1987. Prior thereto the Company's shares were traded over the counter on the NASDAQ system in the United States. As at December 31, 1986 there were 4,647 registered shareholders of record of the Company's common shares. The following table sets forth the high and low prices of the Company's common shares as traded on The Toronto Stock Exchange on a quarterly basis for the current and preceding years. All prices have been adjusted for a one for five share consolidation which became effective December 13, 1985.

		High	Low
1985	1st Quarter	$ 8.00	$ 6.15
	2nd Quarter	7.55	6.25
	3rd Quarter	10.15	6.40
	4th Quarter	10.05	7.50
1986	**1st Quarter**	**$10.75**	**$ 9.00**
	2nd Quarter	**14.75**	**9.50**
	3rd Quarter	**20.00**	**13.87**
	4th Quarter	**23.25**	**18.50**

The following table sets forth the high and low prices of the Company's common shares as traded on the NASDAQ system on a quarterly basis for the current and preceding year. All prices have been adjusted for a one for five share consolidation which became effective on December 9, 1985.

		High	Low
1985	1st Quarter	US$5.60	US$4.35
	2nd Quarter	5.30	4.40
	3rd Quarter	8.10	4.06
	4th Quarter	7.50	5.37
1986	**1st Quarter**	**US$ 7.62**	**US$ 6.37**
	2nd Quarter	**10.75**	**6.87**
	3rd Quarter	**14.75**	**10.00**
	4th Quarter	**16.75**	**13.37**

The closing price of the Company's common shares on December 31, 1986 on The Toronto Stock Exchange was $20.75 and on NASDAQ was US$15.13.

Except as set out below, the Company is not aware of any material governmental laws, decrees or regulations in Canada that restrict the export or import of capital, including, but not limited to, foreign exchange controls, or controls that affect the remittance of dividends, interest or other payments to non-resident owners of the Company's securities. The Company is also not aware of any limitations imposed by Canadian law or by the charter or other constituent documents of the Company which limit the right of non-resident or foreign owners of the Company's common shares to hold or vote such shares.

The Investment Canada Act (Canada) (the "Act") restricts in certain circumstances the acquisition of control of Canadian business enterprises by non-Canadian individuals, corporations, governments or groups containing foreign members (collectively "non-Canadian") (i) through the acquisition of shares or property used in carrying on the business and (ii) through the establishment of a new business in Canada where the new business or expansion is unrelated to the existing business. The Act provides for a mechanism whereby these forms of foreign investment are subject to review by a governmental agency known as "Investment Canada" in order to establish whether a proposed investment is of "net benefit to Canada''. The Act does not apply to purchases of shares or other securities where such purchases do not involve the acquisition of control. However, there is a rebuttable presumption under the Act that control has been acquired if the acquisition involves one-third or more of the voting rights attaching to all voting securities of a public company such as the Company. Accordingly any person seeking to acquire one-third or more of the voting securities of the Company should consult an appropriate legal advisor.

The Income Tax Act (Canada) imposes a tax of 25% on non-residents of Canada who receive dividends from corporations resident in Canada, which tax is required to be withheld by the corporation at the time the dividend is paid. Generally, the Canada – United States Income Tax Convention (the ''Convention'') (which entered into force on October 1, 1984 for tax withheld at source on dividends) reduces the rate of tax on dividends to 15%. The Convention further reduces the rate of tax on dividends to 10% if the dividend is paid to a United States corporation which beneficially owns at least 10% of the voting shares of the corporation resident in Canada. Therefore, except where the shareholder is a United States corporation holding 10% or more of the voting shares of the Company, dividends paid by the Company to residents of the United States will be subject to a withholding tax of 15%.

Dividend policy

The Company has not paid dividends on its common shares for the current and preceding year. Barrick anticipates that cash dividends, if any, in the forseeable future will be modest. The Company's intention is to retain most of its earnings to support current operations, to fund exploration and development projects and to fund acquisitions of North American gold properties. To the extent that funds may accumulate beyond the level deemed necessary for these purposes, the Company may elect to pay further cash dividends, make investments in short-term obligations or retain cash.

Reserves

Although the Company has carefully prepared and verified the ore reserve figures presented in this Annual Report and believes that its method of estimating reserves has been verified by mining experience, such figures are estimates, and no assurance can be given that the indicated level of gold recovery will be realized. Market price fluctuations of gold may render ore reserves containing relatively lower grades of gold mineralization uneconomic. Moreover, short-term operating factors relating to the ore reserves, such as the need for orderly development of ore bodies or the processing of new or different ore grades, may cause the Company to be unprofitable in any particular accounting period.

Ce rapport annuel est également publié en français. Un exemplaire peut être demandé auprès du secrétaire générale, Société extractive American Barrick, 24 Hazelton Avenue, Toronto (Ontario) Canada, M5R 2E2.

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American Barrick Resources Corporation

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*Howard L. Beck
**Toronto, Ontario
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Davies, Ward & Beck

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Nassau, Bahamas
Chief Financial Officer,
Barrick Investments Limited

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Toronto, Ontario
President,
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David J. Davies
London, England
Former Chief Executive Officer,
The Hong Kong Land Company Ltd.

Jeremy Garbutt
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San Francisco, California
Former Chief Executive Officer,
Genstar Corporation

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American Barrick Resources Corporation

P. Anthony Novelly
St. Louis, Missouri
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Apex Oil Company

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*Norman J. Short
**Toronto, Ontario
President and Director,
Guardian Capital Group Limited

Robert M. Smith
Oakville, Ontario
Chief Operating Officer,
American Barrick Resources Corporation

* Members of the executive committee
**Members of the audit committee

Officers

Peter Munk
Chairman of the Board and Chief Executive Officer

Robert M. Smith
Chief Operating Officer

Jeremy Garbutt
Chief Financial Officer

Alan R. Hill
Vice-President, Engineering

Meredyth E. Holt
Vice-President, Mining Explorations

Brian K. Meikle
Vice-President, Mining Operations

William R. Robertson
Vice-President and Secretary

Kenneth G. Thomas
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Gregory C. Wilkins
Vice-President and Controller

Robert B. Wickham
Treasurer

BARRICK

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David Jamison
General Manager

Corporate Data

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Coopers & Lybrand
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Legal counsel
Davies, Ward & Beck
Toronto, Canada

Shares listed
The Toronto Stock Exchange (ABX)
The Montreal Exchange (ABX)
The New York Stock Exchange (ABX)
Paris Bourse

Annual meeting
May 11, 1987
11:00 a.m. Toronto time
Territories Room
Royal York Hotel
100 Front Street West
Toronto, Ontario

Form 10-K
Annual Report on form 10-K is filed with the United States Securities and Exchange Commission. This report will be made available to shareholders, without charge, upon written request to the Secretary of the Company at its head office.

Printed in Canada

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