From: Bukhari, Naushad Ali <NaushadAli.Bukhari@scotiabank.com>
Sent: Tuesday, October 03, 2017 12:38 PM
To: Brugger, Paul (Consultant)
Cc: Martinez Napoles, Fernando
Subject: {EXTERNAL}RE: Barrick Gold Inc. Letter of Credit No. S18572/169910

Hi Paul,

Subject LC has been renewed in our records; the LC is now valid up to Sep.30, 2018.

Kind Regards,
NAUSHAD BUKHARI. | Senior Manager- Trade Services Centre.

Scotiabank | Global Wholesale Operations
7th Floor, 1 St. Clair Avenue East, Toronto, Ontario, Canada M4T 1Z3
Tel: 416-847-6253
Naushadali.Bukhari@scotiabank.com
Scotiabank is a business name used by The Bank of Nova Scotia

From: Brugger, Paul (Consultant) [mailto:pbrugger@barrick.com]
Sent: Tuesday, October 03, 2017 7:09 AM
To: Standby Letters of Credit & Guarantees
Subject: Barrick Gold Inc. Letter of Credit No. S18572/169910

Hi,

Would you mind once again confirming renewal of the above LOC?

Thanks!
Paul

Paul J. Brugger, P. Eng. | Closed Properties Manager – Eastern Canada Sites | Barrick Gold of North America |
Phone: (705) 632-1871
Mobile: (807) 631-4895
Address: 1084 County Rd 8, Campbellford, Ontario, K0L 1L0
Email: pbrugger@barrick.com

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Barrick Gold Inc.

Non-Consolidated Financial Statements as at December 31, 2016

(Unaudited – Prepared by Management)

These financial statements have been prepared solely for management purposes and for use in filing income tax returns.

Barrick Gold Inc.

Index
December 31, 2016

Barrick Gold Inc.
Balance Sheet
For the Year Ended December 31
(*Expressed in Thousands of United States Dollars)*

	Note		2016		2015
Assets					
Cash and equivalents	11	$	134,019	$	110,484
Accounts receivable	4		5,010		2,105
Inventory	5		10,146		11,539
Other current assets			634		785
Total current assets			149,809		124,913
Due from affiliates	9		104,661		103,616
Property, plant, and equipment	6		269,208		229,220
Investments	7		1,743,417		1,743,417
Other assets			954		722
Total assets		$	2,268,049	$	2,201,888
Liabilities and Equity					
Accounts payable and accrued liabilities	8	$	22,290	$	22,607
Income tax payable			37,304		37,304
Total current liabilities			59,594		59,911
Due to affiliates	9		1,576,121		1,640,754
Other long-term obligations			933		(402)
Provision for environmental rehabilitation	10		204,800		148,268
Deferred income tax			70,026		70,039
Total liabilities			1,911,474		1,918,570
Equity					
Capital stock	12		451,016		451,016
Retained earnings (accumulated deficit)			23,039		(50,774)
Accumulated and other comprehensive income			(117,480)		(116,924)
Total equity			356,575		283,318
Total liabilities and equity		$	2,268,049	$	2,201,888

The accompanying notes are an integral part of these financial statements

Barrick Gold Inc.
Statement of Income
For the Year Ended December 31
(*Expressed in Thousands of United States Dollars)*

	Note	2016	2015
Revenues			
Gold sales		$ 294,135	$ 246,996
Silver sales		955	736
Dividend from an affiliated company	13	103,956	103,956
Interest and other income		2,465	1,827
Total revenues		401,511	353,515
Costs and Expenses			
Operating expenses	14	159,470	152,617
Depreciation and amortization		26,549	37,746
Administration		151	36
Exploration		79	691
Reclamation		33,788	(8,790)
Interest		109,742	113,336
Other		501	1,140
Gain on foreign exchange		(2,474)	(1,191)
		327,806	295,585
Income before income taxes		73,705	57,930
Income tax (recovery) expense		(108)	2,556
Net income		$ 73,813	$ 55,374

The accompanying notes are an integral part of these financial statements

Barrick Gold Inc.
Statement of Retained Earnings
For the Year Ended December 31
(*Expressed in Thousands of United States Dollars)*

	Note		2016		2015
Accumulated deficit, beginning of year		$	(50,774)	$	(106,148)
Net income for year			73,813		55,374
Prior year adjustments			-		-
Retained earnings (accumulated deficit), end of year		$	23,039	$	(50,774)

The accompanying notes are an integral part of these financial statements

1. Nature Of Operations

The Company is engaged in gold mining and related activities including: exploration, development, mining and processing in Canada.

2. Summary Of Significant Accounting Policies

A) Statement of Compliance

These non-consolidated financial statements of Barrick Gold Inc. (the “Company”) have been prepared for income tax purposes only, in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Accounting policies are consistently applied to all years presented, unless otherwise stated. The statements do not include a statement of cash flows as it is not required for statutory purposes.

B) Subsidiary and Affiliated Companies

These financial statements are prepared on a non-consolidated basis. Investments in subsidiary companies and companies subject to significant influence are accounted for by the cost method.

C) Revenue Recognition

We record revenue when evidence exists that all of the following criteria are met:

- The significant risks and rewards of ownership of the product have been transferred to the buyer;
- Neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold, has been retained;
- The amount of revenue can be reliably measured;
- It is probable that the economic benefits associated with the sale will flow to us; and
- The costs incurred or to be incurred in respect of the sale can be reliably measured.

These conditions are generally satisfied when title passes to the customer.

Gold Bullion Sales

Gold bullion is sold primarily in the London spot market. The sales price is fixed at the delivery date based on the gold spot price. Generally, we record revenue from gold bullion sales at the time of physical delivery, which is also the date that title to the gold passes.

D) Accounts Receivable

Accounts receivable are carried at original invoice amount less a provision for impairment based on a review of all outstanding amounts on a regular basis. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as noncurrent assets.

E) Inventory

Material extracted from the mine is classified as either ore or waste. Ore represents material that, at the time of extraction, the Company expects to process into a saleable form, and sell at a profit. Ore is recorded as an asset that is classified within inventory as material is extracted from the mines. Ore is accumulated in stockpiles that are subsequently processed into gold and other by-products in a saleable form. Work in process represents gold in the processing circuit that has not completed the production process, and is not yet in a saleable form. Finished goods inventory represents gold in saleable form. Mine operating supplies represent commodity consumables and other raw materials used in the production process, as well as spare parts and other maintenance supplies that are not classified as capital items.

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes all costs incurred, based on a normal production capacity, in bringing each product to its present location and condition. Cost of inventories comprises, direct labor, materials and contractor expenses, including non-capitalized stripping costs; depreciation of PP&E including capitalized stripping costs; and an allocation of mine site overhead costs. As ore is removed for processing, costs are removed based on the average cost per ounce in the stockpile.

The Company records provisions to reduce inventory to net realizable value to reflect changes in economic factors that impact inventory value and to reflect present intentions for the use of slow moving and obsolete supplies inventory. Net realizable value is determined with reference to relevant market prices less applicable variable selling expenses. Provisions recorded also reflect an estimate of the remaining costs of completion to bring the inventory into its saleable form. Provisions are also recorded to reduce mine operating supplies to net realizable value, which is generally calculated by reference to its salvage or scrap value, when it is determined that the supplies are obsolete. Provisions are reversed to reflect subsequent recoveries in net realizable value where the inventory is still on hand.

F) Property, Plant and Equipment

Building, plant and equipment

At acquisition, we record land, buildings, plant and equipment at cost, including all expenditures incurred to prepare an asset for its intended use. These expenditures consist of: the purchase price; brokers' commissions; and installation costs including architectural, design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation insurance costs, duties, testing and preparation charges. We capitalize costs that meet the asset recognition criteria. Costs incurred that do not extend the productive capacity or useful economic life of an asset are considered repairs and maintenance expense and are accounted for as a cost of the inventory produced in the period.

Buildings, plant and equipment are depreciated on a straight-line basis over their expected useful life, which commences when the assets are considered available for use. Once buildings, plant and equipment are considered available for use they are measured at cost less accumulated depreciation and applicable impairment losses

Estimated useful lives of Major Asset Categories

Buildings, plant and equipment	5 – Life of Mine
Mobile equipment	5 - 7 years
Light vehicles	2 - 3 years
Furniture, computer and office equipment	2 - 3 years

Mineral Properties

Mineral properties consist of: underground mine development costs; open pit mine development costs; and capitalized exploration and evaluation costs.

Underground Mine Development Costs

At our underground mine, we incur development costs to build new shafts, drifts and ramps that will enable us to physically access ore underground. The time over which we will continue to incur these costs depends on the mine life. These underground development costs are capitalized as incurred.

Capitalized underground development costs incurred to enable access to specific ore blocks or areas of the underground mine, and which only provide an economic benefit over the period of mining that ore block or area, are depreciated on a UOP basis, whereby the denominator is estimated ounces of gold in proven and probable reserves and the portion of resources within that ore block or area that is considered probable of economic extraction.

If capitalized underground development costs provide an economic benefit over the entire mine life, the costs are depreciated on a UOP basis, whereby the denominator is the estimated ounces of gold in total accessible proven and probable reserves and the portion of resources that is considered probable of economic extraction.

Open Pit Mining Costs

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore from which minerals can be extracted economically. The process of mining overburden and waste materials is referred to as stripping. Stripping costs incurred in order to provide initial access to the ore body (referred to as pre-production stripping) are capitalized as open pit mine development costs.

Stripping costs incurred during the production stage of a pit are accounted for as costs of the inventory produced during the period that the stripping costs are incurred, unless these costs are expected to provide a future economic benefit to an identifiable component of the ore body. Production phase stripping costs generate a future economic benefit when the related stripping activity: (i) improves access to a component of the ore body to be mined in the future; (ii) increases the fair value of the mine (or pit) as access to future mineral reserves becomes less costly; and (iii) increases the productive capacity or extends the productive life of the mine (or pit). Production phase stripping costs that are expected to generate a future economic benefit are capitalized as open pit mine development costs.

Capitalized open pit mine development costs are depreciated on a UOP basis whereby the denominator is the estimated ounces of gold in proven and probable reserves and the portion of resources considered probable of economic extraction based on the current LOM plan in the current component of the ore body that has been made more accessible through the stripping activity and all future components in the current plan that benefit from the particular stripping activity. Capitalized open pit mine development costs are depreciated once the open pit has entered production and the future economic benefit is being derived.

Construction-in-Progress
Assets under construction are capitalized as construction-in-progress. The cost of construction-in-progress comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Construction-in-progress amounts incurred are presented as a separate asset within PP&E. Construction-in-progress is not depreciated. Depreciation commences once the asset is complete and available for use.

G) Exploration and Evaluation
Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore.

Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition. Evaluation expenditures include the cost of (i) establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve; (ii) determining the optimal methods of extraction and metallurgical and treatment processes; (iii) studies related to surveying, transportation and infrastructure requirements; (iv) permitting activities; and (v) economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

Exploration and evaluation expenditures are expensed as incurred unless management determines that probable future economic benefits will be generated as a result of the expenditures. Once the technical feasibility and commercial viability of a program or project has been demonstrated with a pre-feasibility study, and we have recognized reserves in accordance with National Instrument 43-101, we account for future expenditures incurred in the development of that program or project in accordance with our policy for Property, Plant & Equipment, as described in Note 1(F).

H) Impairment of Non-Current Assets
The Company reviews and tests the carrying amounts of PP&E with definite lives when an indicator of impairment is considered to exist. Impairment assessments on PP&E are conducted at the level of cash generating units ("CGU"), which is the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and includes any liabilities specific to the CGU.

The recoverable amount of a CGU is the higher of value in use ("VIU") and fair value less costs of disposal ("FVLCD"). An impairment loss is recognized for any excess of the carrying amount of a CGU over its recoverable amount where both the recoverable amount and carrying value include the associated other assets and liabilities including taxes where applicable, of the CGU. Where it is not appropriate to allocate the loss to a separate asset, an impairment loss related to a CGU is allocated to the carrying amount of the assets of the CGU on pro rata basis based on the carrying amount of its non-monetary assets.

Impairment Reversal
Impairment losses for PP&E are reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized, and it has been determined that the asset is no longer impaired or that impairment has decreased. This reversal is recognized in the statement of income and is limited to the carrying value that would have been determined, net of any depreciation where applicable, had no impairment charge been recognized in prior years. When an impairment reversal is undertaken, the recoverable amount is assessed by reference to the higher of VIU and FVLCD.

I) Income Taxes
The Company records income and mining taxes on the tax allocation basis. Differences between amounts reported for tax and accounting purposes may result in deferred income and mining taxes. Deferred income and mining taxes relate primarily to the depreciation and amortization of property, plant and equipment costs.

J) Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value (Note 15).

K) Accounts Payable
Accounts payable are recognized initially at fair value and subsequently measured at amortized cost. Accruals for accounts payable are based on the Company's estimation of all current liabilities, including goods and services either received or partially received.

L) Environmental Rehabilitation
Mining, extraction and processing activities normally give rise to obligations for environmental rehabilitation. Rehabilitation work can include facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation, including compliance with and monitoring of environmental regulations; security and other site-related costs required to perform the rehabilitation work; and operation of equipment designed to reduce or eliminate environmental effects. The extent of work required and the associated costs are dependent on the requirements of relevant authorities and our environmental policies. Routine operating costs that may impact the ultimate closure and rehabilitation activities, such as waste material handling conducted as an integral part of a mining or production process, are not included in the provision. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognized as an expense and liability when the event occurs that gives rise to an obligation and reliable estimates of the required rehabilitation costs can be made.

Provisions for the cost of each rehabilitation program are normally recognized at the time that an environmental disturbance occurs or a constructive obligation is determined. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly. The major parts of the carrying amount of provisions relate to tailings pond closure/rehabilitation; demolition of buildings/mine facilities; ongoing water treatment; and ongoing care and maintenance of closed mines. Costs included in the provision encompass all closure and rehabilitation activity expected to occur progressively over the life of the operation at the time of closure and post-closure in connection with disturbances as at the reporting date. Estimated costs included in the determination of the provision reflect the risks and probabilities of alternative estimates of cash flows required to settle the obligation at each particular operation. The expected rehabilitation costs are estimated based on the cost of external contractors performing the work or the cost of performing the work internally depending on management's intention.

The timing of the actual rehabilitation expenditure is dependent upon a number of factors such as the life and nature of the asset, the operating license conditions and the environment in which the mine operates. Expenditures may occur before and after closure and can continue for an extended period of time depending on rehabilitation requirements. Rehabilitation provisions are measured at the expected value of future cash flows, which exclude the effect of inflation, discounted to their present value using a current, US dollar real risk-free pre-tax discount rate. The unwinding of the discount, referred to as accretion expense, is included in finance costs and results in an increase in the amount of the provision. Provisions are updated each reporting period for changes to expected cash flows and for the effect of changes in the discount rate, and the change in estimate is added or deducted from the related asset and depreciated over the expected economic life of the operation to which it relates.

Significant judgments and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements or, if more stringent, our environmental policies which give rise to a constructive obligation.

When provisions for closure and rehabilitation are initially recognized, the corresponding cost is capitalized as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalized cost of closure and rehabilitation activities is recognized in PP&E and depreciated over the expected economic life of the operation to which it relates.

Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence in light of the significant judgments and estimates involved. The principal factors that can cause expected cash flows to change are: the construction of new processing facilities; changes in the quantities of material in reserves and resources with a corresponding change in the life of mine plan; changing ore characteristics that impact required environmental protection measures and related costs; changes in water quality that impact the extent of water treatment required; changes in discount rates; changes in foreign exchange rates and changes in laws and regulations governing the protection of the environment.

Rehabilitation provisions are adjusted as a result of changes in estimates and assumptions. Those adjustments are accounted for as a change in the corresponding cost of the related assets including the related mineral property, except where a reduction in the provision is greater than the remaining net book value of the related assets, in which case the value is reduced to nil and the remaining adjustment is recognized in the statement of income. In the case of closed sites, changes in estimates and assumptions are recognized immediately in the statement of income. For an operating mine, the adjusted carrying amount of the related asset is depreciated prospectively. Adjustments also result in changes to future finance costs.

M) Litigation and Other Provisions

Provisions are recognized when a present obligation exists (legal or constructive), as a result of a past event, for which it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are discounted to their present value using a current US dollar real risk-free pre-tax discount rate and the accretion expense is included in finance costs.

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. In assessing loss contingencies related to legal proceedings that are pending against us or unasserted claims that may result in such proceedings, the Company with assistance from its legal counsel evaluate the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought.

If the assessment of a contingency suggests that a loss is probable, and the amount can be reliably estimated, then a loss is recorded. When a contingent loss is not probable but is reasonably possible, or is probable but the amount of loss cannot be reliably estimated, then details of the contingent loss are disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case we disclose the nature of the guarantee. Legal fees incurred in connection with pending legal proceedings are expensed as incurred. Contingent gains are only recognized when the inflow of economic benefits are virtually certain.

N) Functional Currency Election

In January 2012, Barrick Gold Inc. elected, pursuant to paragraph 261(3)(b) of the Income Tax Act, that subsection 261(5) of the Act, apply to the Taxpayer in respect of the taxation year of the Taxpayer ending on December 31, 2012 and each subsequent taxation year of the Taxpayer. Barrick Gold Inc. has elected to use the US dollar as its tax calculating currency in determining its Canadian tax results for each of its taxation years ending on or after December 31, 2012.

We translate non-US dollar balances into US dollars as follows:

- Property, plant and equipment ("PP&E") and equity method investments using the rates at the time of acquisition;
- Deferred tax assets and liabilities using the closing exchange rate as at the balance sheet date with translation gains and losses recorded in income tax expense;
- Other assets and liabilities using the closing exchange rate as at the balance sheet date with translation gains and losses recorded in other income/expense; and
- Income and expenses using the average exchange rate for the period, except for expenses that relate to non-monetary assets and liabilities measured at historical rates, which are translated using the same historical rate as the associated non-monetary assets and liabilities.

O) New Accounting Standards Adopted During The Year

IFRS 9 (2014)

We early adopted all of the requirements of IFRS 9 Financial Instruments 2014 ("IFRS 9") as of January 1, 2015. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9. IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial recognition. The adoption of IFRS 9 did not have a significant impact on the Branch's financial statements.

P) New Accounting Standards Issued But Not Yet Effective

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. In September 2015, the IASB deferred the effective date of the standard to annual reporting periods beginning on or after January 1, 2018, with earlier application permitted. We will not be early adopting IFRS 15. We are currently assessing the impact on our consolidated financial statements. We have identified two potential areas of impact:

- Bullion (gold and silver) sales – we do not anticipate these sales to be significantly affected by IFRS 15; and
- Copper concentrate sales – we do not anticipate these sales or the associated provisional pricing adjustments to be significantly affected by IFRS 15.

We will continue to assess and implement the new revenue recognition policy and any related impact on our internal controls throughout 2017.

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 Leases, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied or is applied at the same date as IFRS 16. We are currently assessing the impact on our financial statements along with timing of our adoption of IFRS 16. We expect that IFRS 16 will result in an increase in assets and liabilities as fewer leases will be expensed as payments are made. We expect an increase in depreciation and accretion expenses and also an increase in cash flow from operating activities as these lease payments will be recorded as financing outflows in our cash flow statement.

3. Significant Judgments and Estimates

Many of the amounts included in the balance sheet require management to make judgments and/or estimates. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the estimates. Information about such judgments and estimates is contained in the description of our accounting policies and/or other notes to the financial statements. The key areas where judgments, estimates and assumptions have been made are summarized below.

Reserves and Resources
Estimates of the quantities of proven and probable mineral reserves and mineral resources, form the basis for our life of mine ("LOM") plans, which are used for a number of important business and accounting purposes, including: the calculation of depreciation expense; the capitalization of production phase stripping costs; and forecasting the timing of the payments related to the environmental rehabilitation provision. In addition, the underlying LOM plans are used in the impairment tests for non-current assets. We estimate our ore reserves and mineral resources based on information compiled by qualified persons as defined in accordance with the Canadian Securities Administrators' National Instrument 43-101 Standards of Disclosure for Mineral Projects requirements.

Impairment and reversal of impairment for non-current Assets
Non-current assets are tested for impairment if there is an indicator of impairment. Calculating the estimated fair values of CGUs for non-current asset impairment tests requires management to make estimates and assumptions with respect to future production levels, operating and capital costs in our LOM plans, future metal prices, foreign exchange rates, Net Asset Value ("NAV") multiples, value of reserves outside LOM plans in relation to the assumptions related to comparable entities and the market values per ounce and discount rates. Changes in any of the assumptions or estimates used in determining the fair values could impact the impairment analysis.

Capitalization of Exploration and Evaluation Costs
Management has determined that costs related to exploration drilling, evaluation studies and other development work that have been capitalized have probable future benefit and are economically recoverable.

Provisions for Environmental Rehabilitation
Management assesses its provision for environmental rehabilitation on an annual basis or when new information becomes available. This assessment includes the estimation of the future rehabilitation costs, the timing of these expenditures, and the impact of changes in discount rates and foreign exchange rates. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

Taxes
Management is required to make estimations regarding the tax basis of assets and liabilities and related deferred income tax assets and liabilities, amounts recorded for uncertain tax positions, the measurement of income tax expense and indirect taxes, and estimates of the timing of repatriation of earnings, which would impact the recognition of withholding taxes and taxes related to the outside basis on associates. A number of these estimates require management to make estimates of future taxable profit, and the recoverability of indirect taxes, and if actual results are significantly different than our estimates, the ability to realize the deferred tax assets and indirect tax receivables recorded on our balance sheet could be impacted.

Contingencies
Contingencies can be either possible assets or possible liabilities arising from past events which, by their nature, will only be resolved when one or more future events not wholly within our control occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. In assessing loss contingencies related to legal proceedings that are pending against us or unasserted claims, that may result in such proceedings or regulatory or government actions that may negatively impact our business or operations, the Company with assistance from its legal counsel evaluate the perceived merits of any legal proceedings or unasserted claims or actions as well as the perceived merits of the nature and amount of relief sought or expected to be sought, when determining the amount, if any, to recognize

(Amounts expressed in Thousands of United States Dollars)

as a contingent liability or assessing the impact on the carrying value of assets. Contingent assets are not recognized in the financial statements.

4. Accounts Receivable

Receivables consist of the following:

	2016		2015	
VAT Recoverable	$	3,173	$	1,217
Other		1,837		888
	$	5,010	$	2,105

No provision for impairment has been recorded for account receivables as management believes them to be collectible. All receivables expect to be collected within one year.

5. Inventory

Inventory consists of the following:

	2016		2015	
Gold ore inventory	$	525	$	2,435
Inventory in progress		4,664		3,866
Finished goods inventory		261		496
Mine operating supplies		4,696		4,742
	$	10,146	$	11,539

6. Property, Plant and Equipment

Property, plant and equipment activity during 2016 and 2015 is as follows:

	Buildings, plant and equipment		Assets subject to depreciation		Assets not subject to depreciation		Total US$	
At January 1, 2016								
Net of accumulated								
Depreciation	$	127,217	$	90,063	$	11,940	$	229,220
Additions		-		37,779		29,073		66,852
Transfers		27,117		175		(27,292)		-
Disposals		(380)		-		-		(380)
Depreciation		(19,216)		(7,268)		-		(26,484)
At December 31, 2016	$	134,738	$	120,749	$	13,721	$	269,208
At December 31, 2016								
Cost	$	891,732	$	435,336	$	13,721		$ 1,340,789
Accumulated Depreciation		(756,994)		(314,587)		-		(1,071,581)
Net carrying amount								
December 31, 2016	$	134,738	$	120,749	$	13,721	$	269,208

(Amounts expressed in Thousands of United States Dollars)

	Buildings, plant and equipment	Assets subject to depreciation	Assets not subject to depreciation	Total US$
At January 1, 2015				
Net of accumulated				
Depreciation	$ 116,481	$ 67,826	$ 23,035	$ 207,342
Additions	18,045	(29,072)	70,626	59,599
Transfers	16,757	64,964	(81,721)	-
Disposals	(13)	(82)	-	(95)
Depreciation	(24,053)	(13,573)	-	(37,626)
At December 31, 2015	$ 127,217	$ 90,063	$ 11,940	$ 229,220
At December 31, 2015				
Cost	$ 865,924	$ 396,736	$ 11,940	$ 1,274,600
Accumulated Depreciation	(738,707)	(306,673)	-	(1,045,380)
Net carrying amount				
December 31, 2015	$ 127,217	$ 90,063	$ 11,940	$ 229,220

7. Investments

Investments include companies the Company holds a direct equity interest. Detail of the balance is as follows:

	2016	2015
0889295 BC ULC	$ 1,449,965	$ 1,449,965
Argentina Gold Corporation	271,130	271,130
Pioneer Metals	22,322	22,322
	$ 1,743,417	$ 1,743,417

8. Accounts Payable and Accrued Liabilities

Accounts payable consists of primarily of balances due to contractors for work performed and due to vendors for supplies provided for the mines. The balances are expected to be paid within one year. Detail of the balance is as follows.

	2016	2015
Accounts payable	$ 12,091	$ 13,695
Accrued liabilities	10,199	8,912
	$ 22,290	$ 22,607

9. Related Party Balances

The Company is controlled by Barrick Gold Corporation (“BGC”) that conducts its business around the world and from time to time goods and services received by the Company are paid for by other Barrick subsidiaries.

All balances noted below are conducted with subsidiary entities of BGC

(Amounts expressed in Thousands of United States Dollars)

Due from Affiliates

	2016	2015
0889295 B.C. ULC	$ 52,263	$ 52,405
Argentina Gold (Bermuda) Ltd.	50,391	50,391
Willroy	1,403	497
Bicroft	215	94
Lac Properties Inc.	143	41
Cadillac Molybdenite	131	88
Barrick Gold Exploration Inc.	63	65
Powell Rouyn	20	13
Uchi	14	8
Thunderwood	12	8
Bulyanhulu Mining Pty Ltd (Mining)	6	6
	$ 104,661	$ 103,616

Due to Affiliates

	2016	2015
Barrick Gold Corporation	$ 1,570,423	$ 1,639,318
Barrick Gold of North America	2,932	228
Goldstrike	1,633	-
Golden Patricia	21	56
Pueblo Viejo Dominicana Corporation	67	67
AuTec Innovative Extractive Solutions Ltd.	4	46
994748 Ontario Inc.	2	-
Lac Explorations Inc.	2	2
Placer Dome Technical Services Limited	1	1
Other	1,036	1,036
	$ 1,576,121	$ 1,640,754

10. Provision for Environmental Rehabilitation

	2016	2015
At January 1	$ 148,268	$ 179,716
Rate and closure plan adjustments	57,789	(31,416)
Accretion	3,789	4,133
Cash payments and settlement gains	(5,046)	(4,165)
	$ 204,800	$ 148,268

The eventual settlement of all PERs is expected to take place between 2016 and 2056.

A 1% increase in the discount rate would result in a decrease of PER by $30 million and a 1% decrease in the discount rate would result in an increase in PER by $27 million.

(Amounts expressed in Thousands of United States Dollars)

11. Financial Instruments

Financial instruments include cash; evidence of ownership in an entity; or a contract that imposes an obligation on one party and conveys a right to a second entity to deliver/receive cash or another financial instrument. Information on certain types of financial instruments is included elsewhere in these financial statements as follows: accounts receivable (Note 4); related party balances (Note 9).

Cash and Equivalents

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

	2016	2015
Cash deposits	$ 30,735	$ 39,484
Short term investments	103,284	71,000
	$ 134,019	$ 110,484

12. Capital Stock and Authorized Outstanding Shares

Total capital stock of the Company is $451,016 (2015: $451,016). Authorized capital stock of the Company is comprised of an unlimited number of Class A Common Shares, Class B Common Shares, Exchangeable Shares, and Fourth Preference Shares. The number of outstanding shares of each class at December 31, 2016 and December 31, 2015 is listed below:

	2016	2015
Class A common shares	12,697,563	12,697,563
Class B common share	120,144,641	120,144,641
Exchangeable shares	3,465,892	3,465,892
Fourth preference shares	375,405,666	375,405,666

13. Dividend from an Affiliated Company

During September 2010, the Company entered into a Canadian dollar $720 million investment in 0889295 B.C. ULC, an affiliated company (see Note 7). This investment converted to United States dollar $708 million investment at the time of the foreign currency election on January 1, 2012. An additional investment of $742 million was made in April 2012. The Company regularly accrues a dividend related to this investment. The dividend is from the Class A shares the Company holds in 0889295 B.C. ULC. The amount accrued for the year ended December 31, 2016 and December 31, 2015 is $103,956.

14. Operating Expenses

Operating expenses consist of the following:

	2016	2015
Open pit mining	$ 25,631	$ 17,851
Underground mining	64,788	70,078
Process operations	31,000	28,887
General and administrative	16,499	21,285
Change in capitalized operating costs	1,344	1,804
Royalties & Other	19,329	11,492
Other	879	1,220
	$ 159,470	$ 152,617

Open pit mining costs, underground mining costs, process operations costs, and general and administrative costs include personnel costs, energy costs (principally diesel fuel and electricity), maintenance and repair costs, operating supplies, and external services. Cost of sales is based on the weighted average cost of recoverable ounces sold for the period. Costs also include any impairment to reduce inventory to its net realizable value. For the years ending December 31, 2016 and 2015, open pit mining costs, process operations costs, and general and administrative costs include employee costs of $51,766 and $56,139, respectively.

(Amounts expressed in Thousands of United States Dollars)

15. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

A) Estimated Fair Values of Financial Assets and Liabilities

	2016		2015	
	Carrying Amount	**Estimated Fair Value**	**Carrying Amount**	**Estimated Fair Value**
Financial assets				
Cash and equivalents[1]	$ 134,019	$ 134,019	$ 110,484	$ 110,484
Accounts receivable[1]	5,010	5,010	2,105	2,105
Due from affiliates[1]	104,661	104,661	103,616	103,616
	$ 243,690	$ 243,690	$ 216,205	$ 216,205
Financial liabilities				
Accounts payable[1]	$ 22,291	$ 22,291	$ 22,607	$ 22,607
Income Tax Payable[1]	37,304	37,304	37,304	37,304
Due to affiliates[1]	1,576,121	1,576,121	1,640,754	1,640,754
	$ 1,635,716	$ 1,635,716	$ 1,700,665	$ 1,700,665

[1] Fair value approximates the carrying amounts due to their short term nature and historically negligible credit losses.

Valuation Techniques

Cash Equivalents

The fair value of our cash equivalents is classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices in active markets. Our cash equivalents are comprised of U.S. Treasury bills and money market securities that are invested primarily in U.S. Treasury bills.

16. Financial Risk Management

Our financial instruments are comprised of financial liabilities and financial assets. Our principal financial liabilities comprise accounts payable. The main purpose of these financial instruments is to manage short-term cash flow and raise funds for our capital expenditure program. Our principal financial assets are cash and equivalents and accounts receivable, which arise directly from our operations.

We manage our exposure to key financial risk in accordance with our financial risk management policy. The objective of the policy is to support the delivery of our financial targets while protecting future financial security. The main risks that could adversely affect our financial assets, liabilities or future cash flows are as follows:

- Market risk, including commodity price risk, foreign currency and interest rate risk;
- Credit risk;

(Amounts expressed in Thousands of United States Dollars)

- Liquidity risk;
- Capital risk management.

Management designs strategies for managing each of these risks which are summarized below. Our senior management oversees the management of financial risks. Our senior management ensures that our financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with our policies and our risk appetite.

A) Market Risk
Market risk is the risk that changes in market factors, such as commodity prices, foreign exchange rates or interest rates, will affect the value of our financial instruments. As at December 31, 2016 and 2015 the Company has no derivatives or hedging strategies in place. The Company has minimal exposure to commodity price and foreign exchange risk on its financial instruments.

B) Interest Rate Risk
Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instruments will fluctuate due to changes in market interest rates. Currently, our interest rate exposure relates to interest receipts on our cash balances (2016: $134 million; 2015: $110 million).

The following table shows the approximate interest rate sensitivities of our financial assets as at December 31:

	Effect on Net Earnings		**Effect on Equity**	
	2016	**2015**	**2016**	**2015**
1% increase	$ 831	$ 624	$ 831	$ 624
1% decrease	$ (831)	$ (624)	$ (831)	$ (624)

C) Credit Risk
Credit risk is the risk that a third party might fail to fulfill its performance obligation under the terms of a financial instrument. Credit risk arises from cash and equivalents and other receivables. For cash and equivalents and other receivables, credit risk exposure equals the carrying amount on the balance sheet, net of any overdraft positions. To mitigate the Company's exposure to credit risk the Company maintains policies to limit the concentration of credit risk, review counterparty creditworthiness and ensure liquidity of available funds. The Company also invests its cash and equivalents in highly rated institutions.

At December 31, 2016 and 2015, the Company's cash and equivalents were on deposit in various accounts with financial institutions located in Canada and the United States of America.

The Company's maximum exposure to credit risk at the reporting date is the carrying value of each of the financial assets disclosed as follows:

	2016	**2015**
Cash and equivalents	$ 134,019	$ 110,484
Accounts receivable	5,010	2,105

D) Liquidity Risk
Liquidity risk is the risk of loss from not having access to the sufficient funds to meet both expected an unexpected cash demands. The Company's objective is to manage its exposure to liquidity risk through prudent management of the balance sheet maintaining sufficient cash balances. At current market gold prices, we expect to generate positive free cash flow in 2016. This is primarily due to expected income from gold sales.

The following table outlines the expected maturity of the Company's significant financial assets and liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. As the amounts disclosed in the table are the contractual undiscounted cash flows, these balances may not agree with the amounts disclosed in the balance sheet.

(Amounts expressed in Thousands of United States Dollars)

As at December 31,2016	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 year	Total
Cash and equivalents	$ 134,019	$ -	$ -	$ -	$ 134,019
Accounts receivable	5,010	-	-	-	5,010
Accounts payable	22,291	-	-	-	22,291
Income tax payable	37,304	-	-	-	37,304

As at December 31,2015	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 year	Total
Cash and equivalents	$ 110,484	$ -	$ -	$ -	$ 110,484
Accounts receivable	2,105	-	-	-	2,105
Accounts payable	22,607	-	-	-	22,607
Income tax payable	37,304	-	-	-	37,304

E) Capital Risk Management

The Company’s objective when managing capital is to provide value for shareholders by maintaining an optimal short-term and long-term capital structure in order to reduce the overall cost of capital while preserving its ability to continue as a going concern. The capital management objectives are to safeguard our ability to support our operating requirements on an ongoing basis. The objectives are also to ensure that we maintain a strong balance sheet and optimize the use of debt and equity to support our business and provide financial flexibility in order to maximize shareholder value. Management defines capital as total debt less cash and equivalents and it is managed by management subject to approved policies and limits.

Barrick Gold Inc.

Non-Consolidated Financial Statements as at December 31, 2015

(Unaudited – Prepared by Management)

These financial statements have been prepared solely for management purposes
and for use in filing income tax returns.

Barrick Gold Inc.

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December 31, 2015

Barrick Gold Inc.
Balance Sheet
For the Year Ended December 31
(*Expressed in Thousands of United States Dollars)*

	Note		2015		2014
Assets					
Cash and equivalents	11	$	110,484	$	91,736
Accounts receivable	4		2,105		4,921
Inventory	5		11,539		16,787
Other current assets			785		9
Total current assets			124,913		113,453
Due from affiliates	9		103,740		105,620
Property, plant, and equipment	6		229,220		207,342
Investments	7		1,743,417		1,743,417
Other assets			722		2,244
Total assets		$	2,202,012	$	2,172,076
Liabilities and Equity					
Accounts payable and accrued liabilities	8	$	22,607	$	27,044
Income tax payable			37,304		37,304
Total current liabilities			59,911		64,348
Due to affiliates	9		1,640,878		1,628,882
Other long-term obligations			(402)		842
Provision for environmental rehabilitation	10		148,268		179,716
Deferred income tax			70,039		69,959
Total liabilities			1,918,694		1,943,747
Equity					
Capital stock	12		451,016		451,016
Accumulated deficit			(50,774)		(106,148)
Accumulated and other comprehensive income			(116,924)		(116,539)
Total equity			283,318		228,329
Total liabilities and equity		$	2,202,012	$	2,172,076

The accompanying notes are an integral part of these financial statements

Barrick Gold Inc.
Statement of Income
For the Year Ended December 31
(*Expressed in Thousands of United States Dollars)*

	Note	2015	2014
Revenues			
Gold sales		$ 246,996	$ 281,165
Silver sales		736	728
Dividend from an affiliated company	13	103,956	103,956
Interest and other income		1,827	3,591
Total revenues		353,515	389,440
Costs and Expenses			
Operating expenses	14	152,617	188,654
Depreciation and amortization		37,746	54,054
Administration		36	282
Exploration		691	456
Reclamation		(8,790)	4,326
Interest		113,336	117,126
Other		1,140	(4,639)
Loss (gain) on foreign exchange		(1,191)	(589)
		295,585	359,670
Income before income taxes		57,930	29,770
Income tax expense		2,556	(18,078)
Net income		$ 55,374	$ 47,848

The accompanying notes are an integral part of these financial statements

Barrick Gold Inc.
Statement of Changes in Equity
For the Year Ended December 31
(*Expressed in Thousands of United States Dollars)*

	Note	2015	2014
Accumulated deficit, beginning of year		$ (106,148)	$ (153,996)
Net income for year		55,374	47,848
Accumulated deficit, end of year		$ (50,774)	$ (106,148)

The accompanying notes are an integral part of these financial statements

1. Nature Of Operations

The Company is engaged in gold mining and related activities including: exploration, development, mining and processing in Canada.

2. Summary Of Significant Accounting Policies

A) Statement of Compliance

These non-consolidated financial statements of Barrick Gold Inc. (the “Company”) have been prepared for income tax purposes only, in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Accounting policies are consistently applied to all years presented, unless otherwise stated. The statements do not include a statement of cash flows as it is not required for statutory purposes.

B) Subsidiary and Affiliated Companies

These financial statements are prepared on a non-consolidated basis. Investments in subsidiary companies and companies subject to significant influence are accounted for by the cost method.

C) Revenue Recognition

We record revenue when evidence exists that all of the following criteria are met:

- The significant risks and rewards of ownership of the product have been transferred to the buyer;
- Neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold, has been retained;
- The amount of revenue can be reliably measured;
- It is probable that the economic benefits associated with the sale will flow to us; and
- The costs incurred or to be incurred in respect of the sale can be reliably measured.

These conditions are generally satisfied when title passes to the customer.

Gold Bullion Sales

Gold bullion is sold primarily in the London spot market. The sales price is fixed at the delivery date based on the gold spot price. Generally, we record revenue from gold bullion sales at the time of physical delivery, which is also the date that title to the gold passes.

D) Accounts Receivable

Accounts receivable are carried at original invoice amount less a provision for impairment based on a review of all outstanding amounts on a regular basis. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as noncurrent assets.

E) Inventory

Material extracted from the mine is classified as either ore or waste. Ore represents material that, at the time of extraction, the Company expects to process into a saleable form, and sell at a profit. Ore is recorded as an asset that is classified within inventory as material is extracted from the mines. Ore is accumulated in stockpiles that are subsequently processed into gold and other by-products in a saleable form. Work in process represents gold in the processing circuit that has not completed the production process, and is not yet in a saleable form. Finished goods inventory represents gold in saleable form. Mine operating supplies represent commodity consumables and other raw materials used in the production process, as well as spare parts and other maintenance supplies that are not classified as capital items.

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes all costs incurred, based on a normal production capacity, in bringing each product to its present location and condition. Cost of inventories comprises, direct labor, materials and contractor expenses, including non-capitalized stripping costs; depreciation of PP&E including capitalized stripping costs; and an allocation of mine site overhead costs. As ore is removed for processing, costs are removed based on the average cost per ounce in the stockpile.

The Company records provisions to reduce inventory to net realizable value to reflect changes in economic factors that impact inventory value and to reflect present intentions for the use of slow moving and obsolete supplies inventory. Net realizable value is determined with reference to relevant market prices less applicable variable selling expenses. Provisions recorded also reflect an estimate of the remaining costs of completion to bring the inventory into its saleable form. Provisions are also recorded to reduce mine operating supplies to net realizable value, which is generally calculated by reference to its salvage or scrap value, when it is determined that the supplies are obsolete. Provisions are reversed to reflect subsequent recoveries in net realizable value where the inventory is still on hand.

F) Property, Plant and Equipment

Building, plant and equipment

At acquisition, we record land, buildings, plant and equipment at cost, including all expenditures incurred to prepare an asset for its intended use. These expenditures consist of: the purchase price; brokers' commissions; and installation costs including architectural, design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation insurance costs, duties, testing and preparation charges. We capitalize costs that meet the asset recognition criteria. Costs incurred that do not extend the productive capacity or useful economic life of an asset are considered repairs and maintenance expense and are accounted for as a cost of the inventory produced in the period.

Buildings, plant and equipment are depreciated on a straight-line basis over their expected useful life, which commences when the assets are considered available for use. Once buildings, plant and equipment are considered available for use they are measured at cost less accumulated depreciation and applicable impairment losses

Estimated useful lives of Major Asset Categories

Buildings, plant and equipment	5 – Life of Mine
Mobile equipment	5 - 7 years
Light vehicles	2 - 3 years
Furniture, computer and office equipment	2 - 3 years

Mineral Properties

Mineral properties consist of: underground mine development costs; open pit mine development costs; and capitalized exploration and evaluation costs.

Underground Mine Development Costs

At our underground mine, we incur development costs to build new shafts, drifts and ramps that will enable us to physically access ore underground. The time over which we will continue to incur these costs depends on the mine life. These underground development costs are capitalized as incurred.

Capitalized underground development costs incurred to enable access to specific ore blocks or areas of the underground mine, and which only provide an economic benefit over the period of mining that ore block or area, are depreciated on a UOP basis, whereby the denominator is estimated ounces of gold in proven and probable reserves and the portion of resources within that ore block or area that is considered probable of economic extraction.

If capitalized underground development costs provide an economic benefit over the entire mine life, the costs are depreciated on a UOP basis, whereby the denominator is the estimated ounces of gold in total accessible proven and probable reserves and the portion of resources that is considered probable of economic extraction.

Open Pit Mining Costs

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore from which minerals can be extracted economically. The process of mining overburden and waste materials is referred to as stripping. Stripping costs incurred in order to provide initial access to the ore body (referred to as pre-production stripping) are capitalized as open pit mine development costs.

Stripping costs incurred during the production stage of a pit are accounted for as costs of the inventory produced during the period that the stripping costs are incurred, unless these costs are expected to provide a future economic benefit to an identifiable component of the ore body. Production phase stripping costs generate a future economic benefit when the related stripping activity: (i) improves access to a component of the ore body to be mined in the future; (ii) increases the fair value of the mine (or pit) as access to future mineral reserves becomes less costly; and (iii) increases the productive capacity or extends the productive life of the mine (or pit). Production phase stripping costs that are expected to generate a future economic benefit are capitalized as open pit mine development costs.

Capitalized open pit mine development costs are depreciated on a UOP basis whereby the denominator is the estimated ounces of gold in proven and probable reserves and the portion of resources considered probable of economic extraction based on the current LOM plan in the current component of the ore body that has been made more accessible through the stripping activity and all future components in the current plan that benefit from the particular stripping activity. Capitalized open pit mine development costs are depreciated once the open pit has entered production and the future economic benefit is being derived.

Construction-in-Progress
Assets under construction are capitalized as construction-in-progress. The cost of construction-in-progress comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Construction-in-progress amounts incurred are presented as a separate asset within PP&E. Construction-in-progress is not depreciated. Depreciation commences once the asset is complete and available for use.

G) Exploration and Evaluation
Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore.

Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition. Evaluation expenditures include the cost of (i) establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve; (ii) determining the optimal methods of extraction and metallurgical and treatment processes; (iii) studies related to surveying, transportation and infrastructure requirements; (iv) permitting activities; and (v) economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

Exploration and evaluation expenditures are expensed as incurred unless management determines that probable future economic benefits will be generated as a result of the expenditures. Once the technical feasibility and commercial viability of a program or project has been demonstrated with a pre-feasibility study, and we have recognized reserves in accordance with National Instrument 43-101, we account for future expenditures incurred in the development of that program or project in accordance with our policy for Property, Plant & Equipment, as described in Note 1(F).

H) Impairment of Non-Current Assets
The Company reviews and tests the carrying amounts of PP&E with definite lives when an indicator of impairment is considered to exist. Impairment assessments on PP&E are conducted at the level of cash generating units ("CGU"), which is the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and includes any liabilities specific to the CGU.

The recoverable amount of a CGU is the higher of value in use ("VIU") and fair value less costs of disposal ("FVLCD"). An impairment loss is recognized for any excess of the carrying amount of a CGU over its recoverable amount where both the recoverable amount and carrying value include the associated other assets and liabilities including taxes where applicable, of the CGU. Where it is not appropriate to allocate the loss to a separate asset, an impairment loss related to a CGU is allocated to the carrying amount of the assets of the CGU on pro rata basis based on the carrying amount of its non-monetary assets.

Impairment Reversal
Impairment losses for PP&E are reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized, and it has been determined that the asset is no longer impaired or that impairment has decreased. This reversal is recognized in the statement of income and is limited to the carrying value that would have been determined, net of any depreciation where applicable, had no impairment charge been recognized in prior years. When an impairment reversal is undertaken, the recoverable amount is assessed by reference to the higher of VIU and FVLCD.

I) Income Taxes
The Company records income and mining taxes on the tax allocation basis. Differences between amounts reported for tax and accounting purposes may result in deferred income and mining taxes. Deferred income and mining taxes relate primarily to the depreciation and amortization of property, plant and equipment costs.

J) Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value (Note 15).

K) Accounts Payable
Accounts payable are recognized initially at fair value and subsequently measured at amortized cost. Accruals for accounts payable are based on the Company's estimation of all current liabilities, including goods and services either received or partially received.

L) Environmental Rehabilitation
Mining, extraction and processing activities normally give rise to obligations for environmental rehabilitation. Rehabilitation work can include facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation, including compliance with and monitoring of environmental regulations; security and other site-related costs required to perform the rehabilitation work; and operation of equipment designed to reduce or eliminate environmental effects. The extent of work required and the associated costs are dependent on the requirements of relevant authorities and our environmental policies. Routine operating costs that may impact the ultimate closure and rehabilitation activities, such as waste material handling conducted as an integral part of a mining or production process, are not included in the provision. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognized as an expense and liability when the event occurs that gives rise to an obligation and reliable estimates of the required rehabilitation costs can be made.

Provisions for the cost of each rehabilitation program are normally recognized at the time that an environmental disturbance occurs or a constructive obligation is determined. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly. The major parts of the carrying amount of provisions relate to tailings pond closure/rehabilitation; demolition of buildings/mine facilities; ongoing water treatment; and ongoing care and maintenance of closed mines. Costs included in the provision encompass all closure and rehabilitation activity expected to occur progressively over the life of the operation at the time of closure and post-closure in connection with disturbances as at the reporting date. Estimated costs included in the determination of the provision reflect the risks and probabilities of alternative estimates of cash flows required to settle the obligation at each particular operation. The expected rehabilitation costs are estimated based on the cost of external contractors performing the work or the cost of performing the work internally depending on management's intention.

The timing of the actual rehabilitation expenditure is dependent upon a number of factors such as the life and nature of the asset, the operating license conditions and the environment in which the mine operates. Expenditures may occur before and after closure and can continue for an extended period of time depending on rehabilitation requirements. Rehabilitation provisions are measured at the expected value of future cash flows, which exclude the effect of inflation, discounted to their present value using a current, US dollar real risk-free pre-tax discount rate. The unwinding of the discount, referred to as accretion expense, is included in finance costs and results in an increase in the amount of the provision. Provisions are updated each reporting period for changes to expected cash flows and for the effect of changes in the discount rate, and the change in estimate is added or deducted from the related asset and depreciated over the expected economic life of the operation to which it relates.

Significant judgments and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements or, if more stringent, our environmental policies which give rise to a constructive obligation.

When provisions for closure and rehabilitation are initially recognized, the corresponding cost is capitalized as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalized cost of closure and rehabilitation activities is recognized in PP&E and depreciated over the expected economic life of the operation to which it relates.

Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence in light of the significant judgments and estimates involved. The principal factors that can cause expected cash flows to change are: the construction of new processing facilities; changes in the quantities of material in reserves and resources with a corresponding change in the life of mine plan; changing ore characteristics that impact required environmental protection measures and related costs; changes in water quality that impact the extent of water treatment required; changes in discount rates; changes in foreign exchange rates and changes in laws and regulations governing the protection of the environment.

Rehabilitation provisions are adjusted as a result of changes in estimates and assumptions. Those adjustments are accounted for as a change in the corresponding cost of the related assets including the related mineral property, except where a reduction in the provision is greater than the remaining net book value of the related assets, in which case the value is reduced to nil and the remaining adjustment is recognized in the statement of income. In the case of closed sites, changes in estimates and assumptions are recognized immediately in the statement of income. For an operating mine, the adjusted carrying amount of the related asset is depreciated prospectively. Adjustments also result in changes to future finance costs.

M) Litigation and Other Provisions

Provisions are recognized when a present obligation exists (legal or constructive), as a result of a past event, for which it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are discounted to their present value using a current US dollar real risk-free pre-tax discount rate and the accretion expense is included in finance costs.

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. In assessing loss contingencies related to legal proceedings that are pending against us or unasserted claims that may result in such proceedings, the Company with assistance from its legal counsel evaluate the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought.

If the assessment of a contingency suggests that a loss is probable, and the amount can be reliably estimated, then a loss is recorded. When a contingent loss is not probable but is reasonably possible, or is probable but the amount of loss cannot be reliably estimated, then details of the contingent loss are disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case we disclose the nature of the guarantee. Legal fees incurred in connection with pending legal proceedings are expensed as incurred. Contingent gains are only recognized when the inflow of economic benefits are virtually certain.

N) Functional Currency Election

In January 2012, Barrick Gold Inc. elected, pursuant to paragraph 261(3)(b) of the Income Tax Act, that subsection 261(5) of the Act, apply to the Taxpayer in respect of the taxation year of the Taxpayer ending on December 31, 2012 and each subsequent taxation year of the Taxpayer. Barrick Gold Inc. has elected to use the US dollar as its tax calculating currency in determining its Canadian tax results for each of its taxation years ending on or after December 31, 2012.

We translate non-US dollar balances into US dollars as follows:

- Property, plant and equipment ("PP&E") and equity method investments using the rates at the time of acquisition;
- Deferred tax assets and liabilities using the closing exchange rate as at the balance sheet date with translation gains and losses recorded in income tax expense;
- Other assets and liabilities using the closing exchange rate as at the balance sheet date with translation gains and losses recorded in other income/expense; and
- Income and expenses using the average exchange rate for the period, except for expenses that relate to non-monetary assets and liabilities measured at historical rates, which are translated using the same historical rate as the associated non-monetary assets and liabilities.

O) New Accounting Standards Adopted During The Year

The Company has adopted IFRS 9 (2014) effective January 1, 2015.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. IFRS 9 also amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in OCI, and guidance on financial liabilities and derecognition of financial instruments.

The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 9 was applied starting January 1, 2015 and consequently, we have amended our accounting policy for derivative instruments and hedge accounting reflecting the early adoption. We expect to have reduced volatility in our income statements and an increase in the amount of unrealized gains and losses being reported in OCI as a result of adopting IFRS 9.

P) New Accounting Standards Issued But Not Yet Effective

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2017, with earlier application permitted. We are currently assessing the impact on our consolidated financial statements along with timing of our adoption of IFRS 15.

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 Leases, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied or is applied at the same date as IFRS 16. We are currently assessing the impact on our consolidated financial statements along with timing of our adoption of IFRS 16.

3. Significant Judgments and Estimates

Many of the amounts included in the balance sheet require management to make judgments and/or estimates. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the estimates. Information about such judgments and estimates is contained in the description of our accounting policies and/or other notes to the financial statements. The key areas where judgments, estimates and assumptions have been made are summarized below.

Reserves and Resources

Estimates of the quantities of proven and probable mineral reserves and mineral resources, form the basis for our life of mine ("LOM") plans, which are used for a number of important business and accounting purposes, including: the calculation of depreciation expense; the capitalization of production phase stripping costs; and forecasting the timing of the payments related to the environmental rehabilitation provision. In addition, the underlying LOM plans are used in the impairment tests for non-current assets. We estimate our ore reserves and mineral resources based on information compiled by qualified persons as defined in accordance with the Canadian Securities Administrators' National Instrument 43-101 Standards of Disclosure for Mineral Projects requirements.

Impairment and reversal of impairment for non-current Assets

Non-current assets are tested for impairment if there is an indicator of impairment. Calculating the estimated fair values of CGUs for non-current asset impairment tests requires management to make estimates and assumptions with respect to future production levels, operating and capital costs in our LOM plans, future metal prices, foreign exchange rates, Net Asset Value ("NAV") multiples, value of reserves outside LOM plans in relation to the assumptions related to comparable entities and the market values per ounce and discount rates. Changes in any of the assumptions or estimates used in determining the fair values could impact the impairment analysis.

Capitalization of Exploration and Evaluation Costs

Management has determined that costs related to exploration drilling, evaluation studies and other development work that have been capitalized have probable future benefit and are economically recoverable.

Provisions for Environmental Rehabilitation

Management assesses its provision for environmental rehabilitation on an annual basis or when new information becomes available. This assessment includes the estimation of the future rehabilitation costs, the timing of these expenditures, and the impact of changes in discount rates and foreign exchange rates. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

Taxes

Management is required to make estimations regarding the tax basis of assets and liabilities and related deferred income tax assets and liabilities, amounts recorded for uncertain tax positions, the measurement of income tax expense and indirect taxes, and estimates of the timing of repatriation of earnings, which would impact the recognition of withholding taxes and taxes related to the outside basis on associates. A number of these estimates require management to make estimates of future taxable profit, and the recoverability of indirect taxes, and if actual results are significantly different than our estimates, the ability to realize the deferred tax assets and indirect tax receivables recorded on our balance sheet could be impacted.

Contingencies

Contingencies can be either possible assets or possible liabilities arising from past events which, by their nature, will only be resolved when one or more future events not wholly within our control occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. In assessing loss contingencies related to legal proceedings that are pending against us or unasserted claims, that may result in such proceedings or regulatory or government actions that may negatively impact our business or operations, the Company with assistance from its legal counsel evaluate the perceived merits of any legal proceedings or unasserted claims or actions as well as the perceived merits of the nature and amount of relief sought or expected to be sought, when determining the amount, if any, to recognize as a contingent liability or assessing the impact on the carrying value of assets. Contingent assets are not recognized in the financial statements.

(Amounts expressed in Thousands of United States Dollars)

4. Accounts Receivable

Receivables consist of the following:

	2015	2014
VAT Recoverable	$ 1,217	$ 2,009
Other	888	2,912
	$ 2,105	$ 4,921

No provision for impairment has been recorded for account receivables as management believes them to be collectible. All receivables expect to be collected within one year.

5. Inventory

Inventory consists of the following:

	2015	2014
Gold ore inventory	$ 2,435	$ 5,725
Inventory in progress	3,865	5,010
Finished goods inventory	496	628
Mine operating supplies	4,743	5,424
	$ 11,539	$ 16,787

6. Property, Plant and Equipment

Property, plant and equipment activity during 2015 and 2014 is as follows:

	Buildings, plant and equipment	Assets subject to depreciation	Assets not subject to depreciation	Total US$
At January 1, 2015				
Net of accumulated				
Depreciation	$ 116,481	$ 67,826	$ 23,035	$ 207,342
Additions	18,045	(29,072)	70,626	59,599
Transfers	16,757	64,964	(81,721)	-
Disposals	(13)	(82)	-	(95)
Depreciation	(24,053)	(13,573)	-	(37,626)
At December 31, 2015	$ 127,217	$ 90,063	$ 11,940	$ 229,220
At December 31, 2015				
Cost	$ 865,924	$ 396,736	$ 11,940	$ 1,274,600
Accumulated Depreciation	(738,707)	(306,673)	-	(1,045,380)
Net carrying amount				
December 31, 2015	$ 127,217	$ 90,063	$ 11,940	$ 229,220

(Amounts expressed in Thousands of United States Dollars)

	Buildings, plant and equipment	Assets subject to depreciation	Assets not subject to depreciation	Total US$
At January 1, 2014				
Net of accumulated				
Depreciation	$ 88,941	$ 85,979	$ 40,028	$ 214,948
Additions	-	222	42,458	42,680
Transfers	59,451	-	(59,451)	-
Disposals	-	-	-	-
Depreciation	(31,911)	(18,375)	-	(50,286)
At December 31, 2014	$ 116,481	$ 67,826	$ 23,035	$ 207,342
At December 31, 2014				
Cost	$ 827,409	$ 365,293	$ 23,035	$ 1,215,737
Accumulated Depreciation	(710,928)	(297,467)	-	(1,008,395)
Net carrying amount				
December 31, 2014	$ 116,481	$ 67,826	$ 23,035	$ 207,342

7. Investments

Investments include companies the Company holds a direct equity interest. Detail of the balance is as follows:

	2015	2014
0889295 BC ULC	$ 1,449,965	$ 1,449,965
Argentina Gold Corporation	271,130	271,130
Pioneer Metals	22,322	22,322
	$ 1,743,417	$ 1,743,417

8. Accounts Payable and Accrued Liabilities

Accounts payable consists of primarily of balances due to contractors for work performed and due to vendors for supplies provided for the mines. The balances are expected to be paid within one year. Detail of the balance is as follows.

	2015	2014
Accounts payable	$ 13,695	$ 17,795
Accrued liabilities	8,912	9,249
	$ 22,607	$ 27,044

9. Related Party Balances

The Company is controlled by Barrick Gold Corporation (“BGC”) that conducts its business around the world and from time to time goods and services received by the Company are paid for by other Barrick subsidiaries.

All balances noted below are conducted with subsidiary entities of BGC

(Amounts expressed in Thousands of United States Dollars)

Due from Affiliates

	2015	2014
0889295 B.C. ULC	$ 52,405	52,405
Argentina Gold (Bermuda) II Ltd.	50,391	50,391
Willroy	497	-
Bicroft	94	40
Cadillac Molybdenite	88	39
Lac Properties Inc.	81	89
Golden Patricia	70	55
Barrick Gold Exploration Inc.	65	-
Powell Rouyn	13	6
Barrick Gold of North America	14	304
Uchi	8	5
Thunderwood	8	4
Bulyanhulu Mining Pty Ltd	6	7
Goldstrike	-	3
Homestake Mining Company of California	-	2,272
Barrick International Bank Corporation	-	-
	$ 103,740	$ 105,620

Due to Affiliates

	2015	2014
Barrick Gold Corporation	$ 1,639,318	$ 1,625,738
Barrick Gold of North America	242	1,856
Golden Patricia	126	126
Pueblo Viejo Dominicana Corporation	67	67
AuTec Innovative Extractive Solutions Ltd.	46	-
Lac Properties Inc.	40	40
Lac Explorations Inc.	2	1
Placer Dome Technical Services Limited	1	-
SLC - Barrick Gold Corporate	-	18
Other	1,036	1,036
	$ 1,640,878	$ 1,628,882

10. Provision for Environmental Rehabilitation

	2015	2014
At January 1	$ 179,716	$ 182,760
Rate and closure plan adjustments	(31,416)	439
Accretion	4,133	6,081
Cash payments and settlement gains	(4,165)	(9,564)
	$ 148,268	$ 179,716

The eventual settlement of all PERs is expected to take place between 2015 and 2054.

A 1% increase in the discount rate would result in a decrease of PER by $52 million and a 1% decrease in the discount rate would result in an increase in PER by $2 million.

(Amounts expressed in Thousands of United States Dollars)

11. Financial Instruments

Financial instruments include cash; evidence of ownership in an entity; or a contract that imposes an obligation on one party and conveys a right to a second entity to deliver/receive cash or another financial instrument. Information on certain types of financial instruments is included elsewhere in these financial statements as follows: accounts receivable (Note 4); related party balances (Note 9).

Cash and Equivalents

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

	2015	2014
Cash deposits	$ 39,484	$ 41,736
Short term investments	71,000	50,000
	$ 110,484	$ 91,736

12. Capital Stock and Authorized Outstanding Shares

Total capital stock of the Company is $451,016. Authorized capital stock of the Company is comprised of an unlimited number of Class A Common Shares, Class B Common Shares, Exchangeable Shares, and Fourth Preference Shares. The number of outstanding shares of each class at December 31, 2015 and December 31, 2014 is listed below:

	2015	2014
Class A common shares	12,697,563	12,697,563
Class B common share	120,144,641	120,144,641
Exchangeable shares	3,465,892	3,465,892
Fourth preference shares	375,405,666	375,405,666

13. Dividend from an Affiliated Company

During September 2010, the Company entered into a Canadian dollar $720 million investment in 0889295 B.C. ULC, an affiliated company (see Note 7). This investment converted to United States dollar $708 million investment at the time of the foreign currency election on January 1, 2012. An additional investment of $742 million was made in April 2012. The Company regularly accrues a dividend related to this investment. The dividend is from the Class A shares the Company holds in 0889295 B.C. ULC. The amount accrued for the year ended December 31, 2015 and December 31, 2014 is $103,956.

14. Operating Expenses

Operating expenses consist of the following:

	2015	2014
Open pit mining	$ 17,851	$ 20,802
Underground mining	70,078	77,844
Process operations	28,887	34,908
General and administrative	21,285	20,345
Change in capitalized operating costs	1,804	13,082
Royalties & Other	11,492	17,685
Other	1,220	3,988
	$ 152,617	$ 188,654

Open pit mining costs, underground mining costs, process operations costs, and general and administrative costs include personnel costs, energy costs (principally diesel fuel and electricity), maintenance and repair costs, operating supplies, and external services. Cost of sales is based on the weighted average cost of recoverable ounces sold for the period. Costs also include any impairment to reduce inventory to its net realizable value. For the years ending December 31, 2015 and 2014, open pit mining costs, process operations costs, and general and administrative costs include employee costs of $56,139 and $66,576, respectively.

(Amounts expressed in Thousands of United States Dollars)

15. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

A) Estimated Fair Values of Financial Assets and Liabilities

	2015		2014	
	Carrying Amount	**Estimated Fair Value**	**Carrying Amount**	**Estimated Fair Value**
Financial assets				
Cash and equivalents[1]	$ 110,484	$ 110,484	$ 91,736	$ 91,736
Accounts receivable[1]	2,105	2,105	4,921	4,921
Due from affiliates[1]	103,740	103,740	105,620	105,620
	$ 216,329	$ 216,329	$ 202,277	$ 202,277
Financial liabilities				
Accounts payable[1]	$ 22,607	$ 22,607	$ 27,044	$ 27,044
Income Tax Payable[1]	37,304	37,304	37,304	37,304
Due to affiliates[1]	1,640,878	1,640,878	1,628,882	1,628,882
	$ 1,700,789	$ 1,700,789	$ 1,693,230	$ 1,693,230

[1] Fair value approximates the carrying amounts due to their short term nature and historically negligible credit losses.

Valuation Techniques

Cash Equivalents

The fair value of our cash equivalents is classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices in active markets. Our cash equivalents are comprised of U.S. Treasury bills and money market securities that are invested primarily in U.S. Treasury bills.

16. Financial Risk Management

Our financial instruments are comprised of financial liabilities and financial assets. Our principal financial liabilities comprise accounts payable. The main purpose of these financial instruments is to manage short-term cash flow and raise funds for our capital expenditure program. Our principal financial assets are cash and equivalents and accounts receivable, which arise directly from our operations.

We manage our exposure to key financial risk in accordance with our financial risk management policy. The objective of the policy is to support the delivery of our financial targets while protecting future financial security. The main risks that could adversely affect our financial assets, liabilities or future cash flows are as follows:

- Market risk, including commodity price risk, foreign currency and interest rate risk;
- Credit risk;
- Liquidity risk;

(Amounts expressed in Thousands of United States Dollars)

- Capital risk management.

Management designs strategies for managing each of these risks which are summarized below. Our senior management oversees the management of financial risks. Our senior management ensures that our financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with our policies and our risk appetite.

A) Market Risk
Market risk is the risk that changes in market factors, such as commodity prices, foreign exchange rates or interest rates, will affect the value of our financial instruments. As at December 31, 2015 and 2014 the Company has no derivatives or hedging strategies in place. The Company has minimal exposure to commodity price and foreign exchange risk on its financial instruments.

B) Interest Rate Risk
Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instruments will fluctuate due to changes in market interest rates. Currently, our interest rate exposure relates to interest receipts on our cash balances (2015: $110 million; 2014: $92 million).

The following table shows the approximate interest rate sensitivities of our financial assets as at December 31:

	Effect on Net Earnings		Effect on Equity	
	2015	**2014**	**2015**	**2014**
1% increase	$ 688	$ 624	$ 688	$ 624
1% decrease	$ (688)	$ (624)	$ (688)	$ (624)

C) Credit Risk
Credit risk is the risk that a third party might fail to fulfill its performance obligation under the terms of a financial instrument. Credit risk arises from cash and equivalents and other receivables. For cash and equivalents and other receivables, credit risk exposure equals the carrying amount on the balance sheet, net of any overdraft positions. To mitigate the Company's exposure to credit risk the Company maintains policies to limit the concentration of credit risk, review counterparty creditworthiness and ensure liquidity of available funds. The Company also invests its cash and equivalents in highly rated institutions.

At December 31, 2015 and 2014, the Company's cash and equivalents were on deposit in various accounts with financial institutions located in Canada and the United States of America.

The Company's maximum exposure to credit risk at the reporting date is the carrying value of each of the financial assets disclosed as follows:

	2015	**2014**
Cash and equivalents	$ 110,484	$ 91,736
Accounts receivable	2,105	4,921

D) Liquidity Risk
Liquidity risk is the risk of loss from not having access to the sufficient funds to meet both expected an unexpected cash demands. The Company's objective is to manage its exposure to liquidity risk through prudent management of the balance sheet maintaining sufficient cash balances. At current market gold prices, we expect to generate positive free cash flow in 2016. This is primarily due to expected income from gold sales.

The following table outlines the expected maturity of the Company's significant financial assets and liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. As the amounts disclosed in the table are the contractual undiscounted cash flows, these balances may not agree with the amounts disclosed in the balance sheet.

(Amounts expressed in Thousands of United States Dollars)

As at December 31,2015	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 year	Total
Cash and equivalents	$ 110,484	$ -	$ -	$ -	$ 110,484
Accounts receivable	2,105	-	-	-	2,105
Accounts payable	22,607	-	-	-	22,607
Income tax payable	37,304	-	-	-	37,304

As at December 31,2014	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 year	Total
Cash and equivalents	$ 91,736	$ -	$ -	$ -	$ 91,736
Accounts receivable	4,921	-	-	-	4,921
Accounts payable	27,044	-	-	-	27,044
Income tax payable	37,304	-	-	-	37,304

E) Capital Risk Management
The Company's objective when managing capital is to provide value for shareholders by maintaining an optimal short-term and long-term capital structure in order to reduce the overall cost of capital while preserving its ability to continue as a going concern. The capital management objectives are to safeguard our ability to support our operating requirements on an ongoing basis. The objectives are also to ensure that we maintain a strong balance sheet and optimize the use of debt and equity to support our business and provide financial flexibility in order to maximize shareholder value. Management defines capital as total debt less cash and equivalents and it is managed by management subject to approved policies and limits.

17. David Bell Closure
The Company's David Bell underground operation, which is part of the Hemlo mine, commenced closure during 2014. Severance costs related to the closure, and which were expensed during 2013, of approximately $4 million were paid during 2014.