

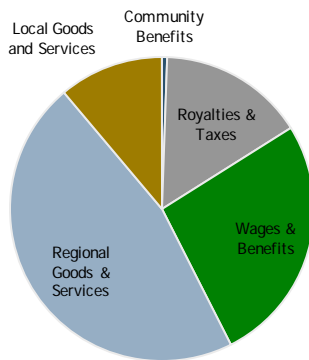
The Business and Human Rights Resource Centre has asked Barrick to respond to the article “[Are mining profits ethically earned?](#)” by John Capel, published in the Independent Online Business Report on February 8, 2012. We appreciate this opportunity to respond, as we fundamentally disagree with the premise and substance of this article.

Barrick, and more recently, African Barrick Gold (ABG), have operated for over a decade in Tanzania. In that time we have developed three gold mines and acquired a fourth operating mine and as a result are now the leading company in the Tanzanian mining sector. We have been able to build this position only by working closely with government and the communities in which we operate over a sustained period of time.

## Local Content

In order to develop our projects, Barrick and ABG have spent over US\$2 billion in foreign direct investment (FDI) in Tanzania and continue to invest.

In 2010, ABG added US\$548 million from our operations:



Value added by ABG (Millions of US Dollars)	
Royalties & Taxes	\$85
Community Benefits	\$3
Wages & Benefits	\$145
Regional Goods & Services	\$254
Local Goods and Services	\$61

More than 46 percent of the value of mined minerals generated by the mining industry is kept in Tanzania, paid out through taxation, government contributions, employment salaries, training, infrastructure, procurement within Tanzania, and corporate social investments. ABG also gives preference to purchasing goods and services locally or regionally.

The total mining sector contribution is approaching US\$3 billion thus far. With mineral extraction set to ramp up in the next few years, that number will increase.

## **Taxation**

Given the prevailing industry backdrop and current level of profitability of the mining sector ABG has pro-actively engaged with the Tanzanian government and other stakeholders to ensure we make a contribution commensurate with the financial performance of our business. To that end, we reached settlement with the Tanzanian Revenue Authority in September 2011 for over US\$126 million of indirect taxes owed to us, and we paid income tax this year amounting to US\$39 million, in addition to royalties of US\$38 million and the indirect taxation we bring to the country in the form of payroll and other taxes.

## **Employment & Training**

ABG currently employs some 9,200 people, including 4,200 direct employees and over 5,000 contractors. ABG, together with the wider mining sector, is one of the highest paying employers in the country with a minimum wage of more than double the government's statutory minimum wage.

ABG has given great priority to the training and development of its employees. Not only do we invest in our direct employees but also work in partnership with the University of Dar es Salaam, (the largest University in the country), and provide scholarships to students and academic staff to pursue postgraduate studies in mining. The scholarship is part of efforts by ABG to help Tanzania to build a solid base of skills in the mining industry.

## **Artisanal mining initiative**

Millions of people around the world maintain their livelihoods through artisanal and small-scale mining. Barrick has a number of operations which are adjacent to thriving artisanal and small scale mining (ASM) communities.

In Tanzania, where there is a significant ASM population, ABG, in tandem with Barrick, have been engaging various stakeholders, including government, communities, and NGOs, with a view to designing a comprehensive program to assist the artisanal and small-scale miners near our North Mara mine. The project, which is a community-driven initiative, aims to transform selected artisanal mining activities in the area into regulated, productive and sustainable small-scale mining operations.

We believe that artisanal and small-scale miners play an important role in the country's mining sector.

## **Investment in communities**

In the last decade, we have invested more than US\$100 million to extend the national electricity grid to our four mine sites in Tanzania and the communities that surround them.

Both Barrick and ABG have always had substantial community relations and community development programs, and in 2011 ABG significantly increased its commitment by creating the ABG Maendeleo Fund, the largest corporate community development fund in Tanzania with an annual commitment of US\$10 million.

ABG Maendeleo Fund investments are focused on community development, health, education, environment, water projects, skills and training programs, and will include support to NGOs with demonstrated capacity to deliver on community development initiatives. The Fund also finances various philanthropic initiatives, sponsorships and partnerships.

## **Access to Clean Water**

ABG has also invested US\$2 million to construct a 60-kilometer water pipeline that services the Bulyanhulu mine and nearby communities. In addition to supporting mine operations, the pipeline supplies clean water to an estimated 150,000 people in a region where access to water is in short supply.

We are also progressing with a three phase program to provide access to clean water around the North Mara mine. The first phase interim plan has focused on delivering 90,000 litres of water per day to the community via locally contracted water bowsers (mobile water tanks) at no cost to the community. The second medium term plan involves the creation of new well boreholes, 10 of which were drilled during the year with the intent to provide at least two wells per village. The third long term phase involves the detailed assessment, design and construction of a potential water distribution system.

Since beginning its operations in Tanzania, Barrick and ABG have made substantial investments and contributions in the country, not least of which include our ongoing support of local communities where we operate, the employment opportunities we have created for nearly 10,000 people, and the access to clean water that we bring to upwards of 150,000 citizens in the country. ABG is also working collaboratively with public-private sector partners to improve access to health care and education and address other community priorities. In this light, we disagree with John Capel's view that the beneficiaries are solely shareholders; clearly, communities and stakeholders at the local and national level benefit not only from the immediate impact of our operations, but also from our ongoing strategic efforts to contribute to development in Tanzania.

For more information on ABG's community development projects, please visit [www.africanbarrickgold.com](http://www.africanbarrickgold.com)