



## Barrick Gold Corp.: The Year in Review for 2015

### Description

**Barrick Gold Corp.** ([TSX:ABX](#))(NYSE:ABX) went through some major changes in 2015, but unfortunately for the company, they were overshadowed by further drops in the gold price.

We take a closer look below at Barrick's year.

### An ambitious target

Entering the year, Barrick was at the bottom of every investor's wish list. The company's balance sheet was in terrible shape, gold prices were stuck at US\$1,200 per ounce, and the company had made some horrible missteps.

Executive Chairman John Thornton clearly had his work cut out for him, and he knew the most important step was improving the balance sheet. So he set a very lofty goal for the year: a reduction in net debt of US\$3 billion. There were plenty of doubts (including from yours truly) that Mr. Thornton would be able to reach this goal.

### Some big steps

In late May, Barrick sold its Cowal mine in Australia and followed that up by selling half of its stake in the Porgera mine (located in Papua New Guinea). Then in late September, Barrick sold a royalty at its low-cost Pueblo Viejo mine for just over US\$600 million. The company followed that up in November by selling two of its Nevadan mines.

Barrick was also very proficient at cutting costs. In its most recent quarter, all-in sustaining costs totaled just US\$771 per ounce, a decline of 8% year over year (not too long ago, this number had been well over US\$1,000).

Thanks to all of these efforts, Barrick is well on its way to meeting that debt-reduction goal.

### Old habits die hard

If any shareholders thought Barrick had turned a corner, they got a harsh wake-up call in March when Barrick announced that Mr. Thornton was paid US\$13 million in 2014. The other two top executives combined to make US\$12.8 million. This was in a year when Barrick's stock price declined by more than a third.

This was the second time in three years that shareholders were outraged over a generous pay package. They even voted against Barrick's compensation practices at the annual meeting (in a non-binding vote), a big embarrassment for the company.

### **A declining gold price**

Barrick's troubles didn't stop with governance. The gold price has declined once again in 2015 mainly due to a rising U.S. dollar. And with the Federal Reserve set to raise rates, more pain could be in store. It's no surprise that Barrick's U.S.-listed shares have fallen by nearly 30% this year.

At the end of the day, if the price of gold is falling, there's only so much Mr. Thornton can do. It's something that investors should keep in mind before buying any of Barrick's depreciating shares.

### **CATEGORY**

1. Investing
2. Metals and Mining Stocks

### **TICKERS GLOBAL**

1. NYSE:B (Barrick Mining)
2. TSX:ABX (Barrick Mining)

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