

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re Barrick Gold Securities Litigation

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Case No. 1:13-CV-03851

Hon. Robert P. Patterson

ECF Case

**CONSOLIDATED AMENDED CLASS ACTION COMPLAINT**

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## **GLOSSARY OF TERMS**

### **I. Engineering, Procurement, and Construction Management**

1. “Engineering, Procurement, and Construction Management (EPCM)” companies manage the development and construction of a mine. They are often involved as early as the initial feasibility studies and manage almost all aspects of the project until completion of construction. EPCM companies provide detailed engineering for the construction of the mine, determining the materials needed, advising on design safety, and reviewing vendor proposals. They procure the materials and equipment, finding the appropriate sources and managing the logistics of delivery. EPCM companies also provide a range of services from overall construction management to actual construction.

**Explanatory Note:** In 2006 or 2007, the Bechtel Corporation, one of the world’s largest EPCM companies, submitted its proposal to construct Pascua Lama. The Betchel Report detailed that project development for Pascua-Lama would cost more than \$5 billion.

### **II. Feasibility Studies**

2. A “feasibility study” is a financial appraisal of discovered mineral resources and typically will determine definitively whether or not to proceed with a particular project. Such a feasibility study will be the basis for capital appropriation, and will provide the budget figures for a project.

### **III. Pre-Stripping**

1. “Pre-Stripping” is the removal of waste rock removed (the “overburden”) from an open-pit mine to gain access to an ore body that lies beneath.

**Explanatory Note:** One of the most significant environmental regulations at the Pascua-Lama mine was the need to keep the roads near the mine wet to prevent dust from being

blown onto the nearby glaciers. A failure to keep roads wet would lead to materials from pre-stripping activities being deposited on glaciers and polluting the area's water supply with toxic elements.

2. "Waste rock" is the portion of the mined area that does not contain valuable minerals.

3. "Overburden" is the material that lies above an area of interest, most commonly rock, soil, and other ecosystem.

#### **IV. Engineered**

4. "Engineered" is the level of engineering detail completed that is sufficient to reliably estimate construction costs.

**Explanatory Note:** Industry best practices dictate that a project should be approximately 80% engineered before construction begins.

#### **V. Ore Body and Surface Water**

5. "Ore body" is an essentially solid mass of ore that may consist of low-grade as well as high-grade ore that is of different character from the adjoining rock.

6. "Surface water" is water found above the earth's surface (as opposed to groundwater, which is found below the earth's surface).

#### **V. Open-Pit Mining**

7. Open-pit mining is a surface mining technique of extracting rock or minerals from the earth by their removal from an open pit or borrow. Open-pit mines are used when deposits of commercially useful minerals or rock are found near the surface; that is, where the overburden is relatively thin or the material of interest is structurally unsuitable for tunneling. This form of

mining differs from extractive methods that require tunneling into the earth such as long wall mining.

**VI. Environmental Impact Assessment**

8. An “environmental impact assessment” or “EIA” is an assessment of the possible impacts that a proposed project may have on the environment, consisting of the environmental, social, and economic aspects.

**Explanatory Note:** The purpose of an EIA is to ensure that decision-makers consider the environmental impacts when deciding whether or not to proceed with a project. The International Association for Impact Assessment defines an EIA as “the process of identifying, predicting, evaluating and mitigating the biophysical, social, and other relevant effects of development proposals prior to major decisions being taken and commitments made.”

**VIII. Class III Estimate**

9. A “Class III estimate” is the third (of five) generally-accepted cost engineering practices.

**Explanatory Note:** According Association for the Advancement of Cost Engineering International, “Class 3 estimates are generally prepared to form the basis for budget authorization, appropriation, and/or funding. As such, they typically form the initial control estimate against which all actual costs and resources will be monitored.”

Lead Plaintiffs Union Asset Management Holding AG and LRI Invest S.A. (“Lead Plaintiffs”), individually and on behalf of all other persons and entities who purchased or acquired Barrick Gold Corporation (“Barrick” or the “Company”) common stock during the period between May 7, 2009 and November 1, 2013, inclusive, (the “Class Period”), and who were damaged thereby (the “Class,” as further defined below), allege the following based upon personal knowledge as to their own acts, and upon information and belief as to all other matters.

Lead Plaintiffs’ information and belief is based on counsel’s investigation, which included, among other things: (i) a review and analysis of Barrick’s public filings with the U.S. Securities and Exchange Commission (“SEC”) and other public documents, including regulatory filings and reports in Chile, Canada, and the United States, Defendants’ press releases, analyst reports, and conference calls with analysts, and pleadings in other litigations; (ii) interviews with former Barrick employees on a confidential basis, each of whom has specific personal knowledge of the facts alleged herein, and a review and analysis of internal Barrick reports and documents; and (iii) a review and analysis of news articles and other media coverage pertaining to Barrick and its senior officers and directors, including the Defendants named and defined herein. Many of the facts supporting Lead Plaintiffs’ allegations are known only by Defendants or are exclusively within their custody and/or control. Lead Plaintiffs believe that substantial further evidentiary support will be revealed after a reasonable opportunity to obtain discovery.

## **I. NATURE OF THE ACTION**

1. At the outset of the Class Period, Barrick, the world’s largest gold mining company, was faced with a desperate situation. Having explored and developed many mature mines, its prospect for low-cost, feasible mining projects was dim. Defendants knew that the Company’s outlook would only brighten with the development of a new, low-cost project that would result in vast amounts of revenues for years to come. Defendants told shareholders that it



had found such a prospect in the Pascua-Lama project – one of the world’s largest untapped mines (the “Project”).

2. Pascua-Lama, however, presented significant and unique challenges for exploration and ultimate production of gold. The mine was located 15,000 feet above sea level in the Andes mountains, spanning thousands of acres across the border between Chile and Argentina. Winter days typically included meters of snowfall, 60 mph winds, and temperatures of minus 60 degrees Celsius. Pointing to purported extensive experience in similar projects in Argentina, Defendants (defined at Section III) touted their ability to turn this monumental technical and engineering feat into years of productive low-cost gold.

3. A predominant challenge of the Project was that the gold at Pascua-Lama was beneath three massive Andes glaciers. Those glaciers were an environmental gem to tens of thousands of people and businesses in the area. Each summer, the ice melt provided the necessary water for agriculture, industry, and daily life. The need to protect these glaciers and the clean water they provide the region was at the forefront of a staunch opposition movement to Barrick’s development of Pascua-Lama.

4. Consequently, to suppress this opposition, Defendants had to repeatedly and prominently agree to develop Pascua-Lama as an environmentally responsible and accountable project. This included Barrick’s agreement to comply with over 400 environmental requirements imposed by the Chilean regulators. These strict requirements focused on protecting the glaciers and the local water supply from pollution, including toxic dust and residue, carried onto the glaciers from Barrick’s mining operations. Furthermore, the mine, which was to be constructed as an open pit (in essence, a massive hole in the ground) would require the diversion of millions, if not billions, of gallons of runoff water that flowed through the mountainous area.

Additionally, construction needed to address the environmentally sound disposal of billions of tons of waste materials generated from the mining operation.

5. While Defendants touted their agreement to the vast number of regulatory environmental requirements, from the outset Defendants knowingly breached the explicit terms. Far from protecting the glaciers and water sources, Defendants' operations deposited toxic dust throughout the glaciers, polluting the water supply. While the mining professionals Barrick had hired to manage the project warned of the pollution and proposed remedial measures that would minimize the contamination, Defendants shut down or ignored those efforts. Ultimately, the Chilean government was forced to shut down the mine in its entirety and imposed upon Barrick the largest environmental fine permitted under its laws.

6. Of course, any mine could be developed for a price. However, cost was a critical issue. Barrick had to establish that it could produce gold from Pascua-Lama in a cost-effective and environmentally sound manner in order to justify financing. Prior to the Class Period start, Defendants had received an initial proposal from a world renowned engineering, procurement, and construction management ("EPCM") company that assessed how much it would cost to build a technically and environmentally sound project. Recognizing the obvious difficulty of the Project, that initial proposal yielded a price tag of at least \$5 billion. Rather than accept the economic reality of the mine and face shareholder scrutiny, Defendants instead shopped around for a lower figure that they could tout to shareholders. By May 2009, the outset of the Class Period, Defendants had in hand a purported study that set the estimated cost at less than half the initial proposal.

7. With the new study in hand, Defendants began pre-production activities at Pascua-Lama, hiring renowned mining and engineering experts to assist in the task. However, as

Lead Plaintiffs' investigation revealed, many of those engineers and mining professionals immediately realized that Pascua-Lama was not feasible perhaps at any price, let alone at the \$2.8-\$3 billion price tag advanced to shareholders. Instead of heeding the counsel of these experienced managers that an environmentally sound and cost-effective project could not be completed within the budgetary and timeframe parameters provided to shareholders, Defendants persisted in concealing the truth.

8. Throughout the Class Period, Defendants sold shareholders on Pascua-Lama as a "world-class project that will contribute low-cost ounces at double digit returns to Barrick." Defendants repeatedly confirmed that the Project was being successfully delivered ("overall level of engineering is about 75% complete versus what you would typically expect in a project at this stage at about 25%," "We've also incorporated all of the conditions of the environmental approval as well as the key sectorial permits for construction."). In other words, shareholders had every reason to believe that Barrick was delivering on its flagship Project.

9. Over the course of the Class Period, however, time and again internal personnel and documents obtained during Lead Plaintiffs' investigation concluded that the Project faced significant challenges, and could not be completed as promised to shareholders. Indeed, the internal documents concluded that the Company's controls were ineffective, rendering any statements concerning the cost, timetables, or valuation of the Project inaccurate and unreliable. The deficiencies included, among other things,

- findings in July 2011 that (i) "[t]he [publicly disclosed] June 2011 estimate [was] not supported by any Basis of Estimate"; (ii) Defendants' adjustments to the costs were inappropriate as based on "a straight line adjustment to the February 2009 estimate. This methodology, in our opinion, does not adhere to general estimating principles"; (iii) "[t]he project logistic plan should be revisited"; and (iv) the forecast 2011 estimate should be frozen and any changes should be documented as additional scope requirements";

- findings that the controls at Pascua-Lama suffered from “inaccurate reporting of deliverables/failure to adequately monitor progress” and “no formal systems in place for scope/change management”;
- further findings of “[s]ignificant inaccuracies, omissions and inconsistencies in monthly reports”; “cost management process weaknesses and inaccurate reporting”; and “risk management process weaknesses contributing to inaccurate reporting”; and
- the “[r]isk of not meeting the commitment to have the water management system fully operational before the start of prestripping,” which violated “a key [environmental] commitment,” put the Project “in grave danger of being paralyzed.”<sup>1</sup>

Again, Defendants did not heed the internal conclusions, but instead reported inaccurate information and advanced the Project to shareholders as a success.

10. Defendants similarly accrued as an asset on the Company’s balance sheet the billions of dollars of expense associated with the Project. This allowed Defendants to inflate the Company’s earnings by precisely the amount of the accrued costs – which by the end of the Class Period exceeded \$5 billion. As detailed herein, knowing that the Project could not be accomplished based on the environmental, technical, and engineering realities of the mine, Defendants were required to expense the billions in costs, and thereby drive down reported earnings by an equal amount.

11. By the end of the Class Period, Defendants were forced to reveal the Project was not feasible for the very reasons known at the start of the Class Period, if not earlier. Defendants conceded that their touted costs and timetable were based on “generic” projects, not the unique and extraordinary circumstances that they knew Pascua-Lama presented. The technical, economic, and environmental challenges at Pascua-Lama did not sneak up on Defendants. These were the very issues Defendants told shareholders they had tackled and remediated at the outset

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<sup>1</sup> Unless otherwise indicated, all internal quotation marks and citations are omitted and all emphasis is added throughout.

of the Class Period. Defendants' failure to implement, let alone adhere to, Barrick's internal controls and environmental obligations only exacerbated the infeasibility of the mine.

12. Yet, Defendants concealed these conditions until it was too late. In June 2012, the Board terminated CEO Regent without explanation. Weeks later, the reason for the management shakeup started to become clearer; Barrick announced a 50-60% increase in capital costs, and at least a year's delay in first production. In November, Defendants revealed that a third-party review confirmed costs of at least \$8 billion and a further delay. In April 2013, Chilean authorities were forced to intervene in Barrick's development of the Project. A Chilean court suspended construction work on the Project, and regulators found that Defendants had not been truthful.

13. Because of Defendants' improper reporting of the Project's costs, in June 2013, shareholders were forced to take the brunt of a \$5.1 billion write-down of nearly the entirety of the Company's investment in the mine – a dollar-for-dollar reduction in earnings. Ultimately, for the very reasons Defendants knew at the start of the Class Period, they were forced to reveal that Pascua-Lama was indefinitely suspended and perhaps would never be built at any price.

14. As the revelations of the truth hit the market, Barrick's share price plummeted from a Class Period high of more than \$55 to close at \$18 at the close of the Class Period, a decline of over 66%. Furthermore, CEO Regent was fired, as was COO Gonzales, and the mine was indefinitely suspended.

## **II. JURISDICTION AND VENUE**

15. Lead Plaintiffs assert claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. §§ 78j(b) and 78t(a), and the rules and regulations promulgated thereunder, including SEC Rule 10b-5, 17 C.F.R. § 240.10b-5 ("Rule 10b-5").

16. This Court has jurisdiction over the subject matter of this action under Section 27 of the Exchange Act, 15 U.S.C. § 78aa, and 28 U.S.C. § 1331, because this is a civil action arising under the laws of the United States.

17. Venue is proper in this District under Section 27 of the Exchange Act, 15 U.S.C. § 78aa, and 28 U.S.C. § 1391(b), (c), and (d). Many of the acts and transactions that constitute the alleged violations of law, including the dissemination to the public of untrue statements of material facts, occurred in this District.

18. In connection with the acts alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the United States mail, interstate telephone communications and the facilities of national securities exchanges.

### **III. PARTIES**

#### **A. Lead Plaintiffs**

19. Lead Plaintiff Union Asset Management Holding AG (“Union”) is the holding company of the Union Investment Group. Founded in 1956 and headquartered in Frankfurt, Germany, Union, through its subsidiaries and affiliates, manages approximately \$149 billion in assets. During the Class Period, funds affiliated with Union purchased securities of Barrick and were damaged as the result of Defendants’ wrongdoing as alleged in this Complaint.

20. Lead Plaintiff LRI Invest S.A. (“LRI”) is an independent investment service company based in Luxembourg. Established in 1998, LRI launches and manages investment funds for banks, insurance companies, and asset managers. During the Class Period, LRI purchased securities of Barrick and was damaged as the result of Defendants’ wrongdoing as alleged in this Complaint.

**B. Barrick Gold Corporation**

21. Defendant Barrick is the largest gold mining company in the world. Founded in 1983 and headquartered in Toronto, Canada, the Company operates through four regional business units located in Australia, Africa, North America, and South America. Barrick is engaged in discovering, acquiring, developing, producing, and marketing silver, gold, and copper. Its stock is registered and listed on the New York Stock Exchange and Toronto Stock Exchange under the ticker “ABX.”

**C. Individual Defendants**

22. Defendant Aaron W. Regent (“Regent”) served as the Company’s Chief Executive Officer (“CEO”) throughout the Class Period until he was terminated on June 6, 2012. From February 19, 2009 to June 6, 2012, Regent also served on Barrick’s Board of Directors. As the Company’s CEO, Regent disseminated false and misleading information to investors during Barrick’s earnings calls, and signed and certified several of Barrick’s false and misleading SEC filings and Company filings, disseminated or filed during the Class Period, as required by the Sarbanes-Oxley Act of 2002, P.L. 107-204, regarding the evaluation of internal controls over financial reporting and fraud detection (“SOX Certifications”).

23. Defendant Jamie C. Sokalsky (“Sokalsky”) is, and has been since June 6, 2012, the Company’s President and CEO. Since that date, Sokalsky has also served on Barrick’s Board of Directors. Prior to his appointment as President and CEO, Sokalsky served as Barrick’s Chief Financial Officer (“CFO”) during the Class Period. As the Company’s CEO, and formerly CFO, Sokalsky signed and certified false and misleading SEC filings, Company statements, SOX Certifications, and disseminated false and misleading information to investors during Barrick’s conference calls.

24. Defendant Ammar Al-Joundi (“Al-Joundi”) has served as the Executive Vice President and CFO since July 10, 2012. As the Company’s CFO, Al-Joundi signed and certified false and misleading SEC filings, SOX Certifications, and disseminated false and misleading information to investors during Barrick’s conference calls. As the Company’s CFO, Al-Joundi signed and certified false and misleading SEC filings, Company statements, SOX Certifications, and disseminated false and misleading information to investors during Barrick’s conference calls.

25. Defendant Peter Kinver (“Kinver”) served as Barrick’s Chief Operating Officer (“COO”) and Executive Vice President from January 1, 2004 to May 2, 2012 and September 9, 2010 to May 2, 2012, respectively. As the Company’s COO Kinver made statements in SEC filings and disseminated false and misleading information to investors during Barrick’s conference calls.

26. Defendant Igor Gonzales (“Gonzales”) served as Barrick’s COO and Executive Vice President (“EVP”) of Barrick from May 2, 2012, until his retirement in the second quarter of 2013. Gonzales previously served as the President of South America Region at Barrick. As the Company’s COO and EVP, Gonzales disseminated false and misleading information to investors during Barrick’s conference calls and during Company presentations.

27. Defendant George Potter (“Potter”) was from 2008 to October 2011, Senior Vice President of Technical Services & Capital Projects of Barrick Gold Corporation. As the Company’s SVP Potter disseminated false and misleading information to investors during Barrick’s conference calls.

28. The above individuals are referred to as the “Individual Defendants.”



29. Defendant Sybil E. Veenman (“Veenman”) served as Barrick’s Senior Vice President and General Counsel as of June 2010 through the end of the Class Period. Before that, Veenman served as Senior Vice President, Assistant General Counsel and Secretary since September 2008. As Barrick’s SVP and Assistant General Counsel and as General Counsel, Veenman signed and filed false and misleading SEC filings, and Company statements. As such, Defendant Veenman is liable as a control person.

30. Veenman, the Individual Defendants, and Barrick are referred to as “Defendants.”

31. The Individual Defendants, because of their positions with the Company, had access to material non-public information available to them but not to the public and knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public and that the positive representations being made were then materially false and misleading. The Individual Defendants are liable for the false statements pleaded herein.

#### **IV. SUBSTANTIVE ALLEGATIONS**

32. Lead Plaintiffs’ allegations are based upon, among other things, information provided by former employees of Barrick with knowledge of the facts alleged herein, including but not limited to the following individuals:

- A former Barrick Gold Pascua-Lama Project Manager (the “Project Manager”) who has more than 40 years of experience managing industrial construction teams and projects and worked at Barrick from April 2010 to July 2011. During his time at Barrick, the Project Manager reported to Terry Smith, a Senior Project Manager, until June 2010 and then to Ron Kettles, the Project Director for Pascua-Lama. During his time at Pascua-Lama, the Project Manager’s responsibilities included oversight of facilities in San Juan, Argentina, and Punta Colorada, Chile, and oversight of construction of all of the camps and infrastructure within the Pascua-Lama Project area. Thus, the Project Manager was in a position to know, and does know, facts concerning Barrick’s environmental compliance, budget, and timeline for Pascua-Lama.
- A former Barrick Gold Pascua-Lama Operations Manager (the “Operations Manager”) who worked for Barrick from 2008 through 2012 at the Project. He reported to Dante Vargas, Barrick’s South American Operations Manager, who

reported to Guillermo Calo, the President of Barrick's South American Operations. The Operations Manager's responsibilities at Barrick included developing an array of legal and technical activities and policies for operations at Pascua and Lama, as well as a budget for compliance with those requirements to protect against and eliminate risks. Thus, the Operations Manager was in a position to know, and does know, facts concerning Barrick's environmental compliance, budget, and timeline for Pascua-Lama.

- A former Barrick Gold Field Engineering Manager (the "Field Engineering Manager") who worked at Barrick at Pascua-Lama from July 2010 to August 2012. During that time, he reported to Ron Kettles, the Pascua-Lama Project Director, Mike Luciano, who replaced Kettles as Project Director, and Brian Marshall, Project Manager. The Field Engineering Manager's responsibilities included analyzing the Project to determine whether the execution plan was sound and assisting with Barrick's reforecasting effort in 2012. Thus, the Field Engineering Manager was in a position to know, and does know, facts concerning Barrick's environmental compliance, budget, and timeline for Pascua-Lama.
- A former Senior Project Controls Manager (the "Project Controls Manager") who worked at Barrick from December 2011 through August 2013 on the Lama (Argentine) side of Pascua-Lama. He reported to Project Manager Hector Estrada, who reported to the Project Director, Mike Luciano. His responsibilities included cost, scheduling, and progress for the Lama side of the Project. He was also part of a team that met with the Argentine mining minister and governor on a recurring basis to update them on the status of the Project. Thus, the Project Controls Manager was in a position to know, and does know, facts concerning Barrick's environmental compliance, budget, and timeline for Pascua-Lama.

#### **A. Overview Of The Company And The Pascua-Lama Project**

33. Founded in 1983, Barrick carries out exploration, development, production, and sale of gold and other minerals. Currently, it is the world's largest gold producer, with a business focus on growing its base of low cost gold production and gold reserves.

34. In 1994, Barrick acquired ownership of Lac Minerals Ltd., a Canadian mining company. As part of this acquisition, Barrick gained ownership of what was to be the world's first transnational mine: the Pascua-Lama Project. Laying the groundwork for Pascua-Lama began as early as 1997 when Barrick lobbied for a treaty that would allow binational mining projects on the border between Chile and Argentina.

35. Pascua-Lama spans the border between Chile and Argentina in a region of the Andes Mountains known as the Atacama Desert. Approximately 75% of the ore body,<sup>2</sup> which is the rock containing the gold, silver, and other metal deposits Barrick planned to mine, is deposited on the Chilean side of the Project, with the remaining 25% on the Argentine side.

36. The Project is regarded as one of the biggest and most difficult industrial ventures in the world. To access the ore body, Barrick planned to carve a massive, open-pit gold mine into the peaks of the Andes, 4,600 meters (15,000 feet), above sea level. This engineering feat was further complicated by the need to extract the ore from under and/or without disruption to the surrounding glaciers. The extraction was to take place throughout the year, including during the extreme winter months, with temperatures of minus 60 degrees Celsius, winds in excess of 60 mph, and several meters of snow. Despite the known logistical, operational, and environmental challenges posed by these conditions, Defendants persisted.

37. Throughout the Class Period, Defendants touted Pascua-Lama as a cornerstone of its necessary growth and the low cost contributor of: (i) roughly \$1.65 billion of average annual earnings to the Company; (ii) approximately 13% of Barrick's worldwide gold reserves; (iii) at least 9% of Barrick's annual gold production; and (iv) 700,000-750,000 ounces of gold/year over a 20-year mine life.

**B. Pascua-Lama Represented The Future Of Barrick's Gold Production**

38. Coming into 2008 and 2009, the Company faced declining production levels, principally as a result of older mines producing only lower-grade ore and an accompanying depletion of reserves. Shareholders and analysts were concerned that these conditions would impact production and ultimately reduce the revenue generated by the Company. To assuage

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<sup>2</sup> See Glossary of Terms, attached hereto.

these fears, and to build confidence in the Company's ability to deliver on a long term growth strategy, Defendants touted a "new generation of projects" that would deliver "significant low-cost production." Pascua-Lama's touted production and reserve benefits were essential to Barrick's ability to maintain its production levels to preserve its revenue stream and investor confidence.

39. Defendants featured Pascua-Lama to its shareholders as the most important of this "new generation of low cost mines" and one that would contribute most significantly to the Company's growth strategy for the next 25 years. Analysts seized on these statements. For example, on May 7, 2008 HSBC reported:

*Barrick's development-stage projects account for almost 38% of our valuation of the company, compared to an average of just over 28% for the peer group...we believe it [] means that Barrick has greater opportunity for growth. . . greater potential for value creation over the long term.*

Our model assigns the *greatest value to Pascua*, followed by Cerro Casale, Pueblo Viejo, and Donlin Creek. . . . [O]ur model assigns a value of USD6.9bn to *Pascua, making it by far the most valuable of the company's development-stage assets*. This is due in large part to the project's large reserve base. . . .

40. Throughout the Class Period, Defendants described Pascua-Lama as a "flagship" project and a "key priority" that had management's full attention, for example:

- May 7, 2009 ("Barrick Gold update on the Pascua-Lama project Conference Call"): CEO Regent explained that after having been "down to South America many times in the past few months" Pascua-Lama was the "*world-class project that will contribute low-cost ounces at double digit returns to Barrick*";
- July 30, 2009: Regent described the Pascua-Lama Project as "*a low-cost, long-life project which is expected to have a significant impact on [Barrick's] future production*, cash costs, cash flow and earnings";
- October 29, 2010 (3Q 2010): The Company represented that "[b]eyond 2010, we are targeting to increase our annual gold production to 9 million ounces within the next five years. *The significant drivers of this production growth include our [] Pascua-Lama project[] . . . .*"

- February 18, 2011 (4Q 2011): The Company represented that its “world-class [] Pascua-Lama project[]” was advancing, and that Pascua-Lama “continue[d] to have very strong economics.”
- November 1, 2011 (3Q 2011): Defendant Regent was quoted, stating that “[w]e are making good progress constructing our high return [] Pascua-Lama mine[] . . . .”
- July 26, 2012 (Q2 2012 Earnings Call): Incoming CEO Sokalsky confirmed that Pascua-Lama “is the ***number one priority*** for me and my team, and we are ***100% focused on delivering on this project***”; “There is ***absolutely no doubt that Pascua-Lama is going to be one of the world’s great gold and silver mines***”; and “I can’t emphasize it enough, ***Pascua-Lama is my top priority***.”; and
- March 26, 2013 (2012 Annual Report): The Company represented Pascua-Lama as “***our flagship*** [] project” as one which “will be one of the ***world’s truly great gold mines*** with an anticipated mine life of 25 years.”

**C. Defendants Concealed The Project Was Unachievable And Infeasible Within The Publicly Disclosed Budget, Schedule, And Environmental Parameters**

41. Defendants knew that realizing the long-term production benefits and growth opportunities of Pascua-Lama required cost-effective execution and strict compliance with the ***over 400 conditions of environmental approval*** that the Argentine and Chilean governments imposed in order to start development at Pascua-Lama. Yet, while extolling the virtues of this mine as a low cost, long-life growth driver, Defendants also knew that complying with agreed-to environmental obligations and adequately accounting for the logistical and economic conditions inherent in developing Pascua-Lama made this Project undeliverable as promised. Defendants concealed this known reality throughout the Class Period.

**1. Barrick Could Not Start The Project Absent Agreement To The Governments’ Environmental Conditions**

42. The Pascua-Lama Project had been categorically opposed by a broad cross-section of environmental groups in Chile and Argentina, as well as by many of the 70,000 irrigation and small farmers whose livelihoods depend on the water originating in the glaciers at the mine site. The opposition focused on the impact open pit mining of this scale would have on

the glaciers and the inevitable contamination of the natural water sources in the area. In the face of this opposition, compliance with environmental approvals from the Chilean and Argentine governments was aimed at stemming harm to the glaciers and natural water sources in the area.

43. Accordingly, Defendants focused their attention on obtaining these approvals and submitted numerous environmental impact assessments (“EIAs”) before the governments finally gave the Project the green light. Barrick’s subsidiary first submitted an EIA for approval in 2000. Eventually, the Chilean EIA was approved in April 2001. Barrick submitted a supplementary EIA in 2004 for modifications to the approved EIA, which, according to opposition groups, included a proposal to relocate nearby glaciers. These modifications led the Chilean authorities to re-evaluate the project as a whole. After the resubmission of the proposals in 2004, public controversy and environmental legal challenges and appeals further delayed approvals. Barrick submitted three additional addendums to the EIA in 2005, and the Chilean regulators ultimately approved the EIA in 2006.

44. At the same time, Barrick was seeking environmental approval in Argentina. The Company submitted an Environmental Impact Report (“EIR”) to the Argentine regulators in August 2000. Because of complications with another Barrick mine in Argentina (the Veladero mine), the Argentine regulators requested that Barrick submit a combined EIR for both Pascua-Lama and Veladero in 2004, and the Company submitted an addendum in 2005. Eventually, the regulators gave Barrick conditional approval in December 2006.

45. To obtain the requisite environmental approvals and quiet the entrenched opposition to the Project in Chile, the Company agreed to abide by **400 environmental conditions** in the Chilean EIA alone, and promised to deliver a safe and environmentally

sensitive project, despite its knowledge of the political, environmental, and logistical challenges that attended the Project.

46. Ultimately, Barrick committed to addressing specific environmental concerns related to the Project, many of which were focused on the Andean glaciers and Barrick's proposed management of water. Barrick committed to protecting water quality around all of its operations. For example, Barrick was required to implement dust control measures to prevent toxic dust from the mine site and access roads from drifting onto the glaciers, thereby poisoning the water supply. One way in which Barrick committed to do this was to ensure that the paths of mining trucks into the mine would be wetted by permanent irrigation, which would limit the spread of particulates and toxic dust that might harm the nearby glaciers. Defendants had also agreed to implement a vast number of detection measures to ensure that there was no harm to the glaciers (*e.g.*, increased glacier melting rates due to dust accumulation on ice surfaces).

47. The approved and agreed-upon design for the Pascua-Lama Project also required Barrick to implement a water management system designed to divert around the facility any waters not impacted by operations. Defendants were also required to capture, treat, and reuse any water used in Barrick's Pascua-Lama operations to further minimize the environmental impact. Barrick was obligated to construct canals to control the Project's run-off and channel it to a treatment system. The canal design included devices to monitor the acidity of the water ("pH monitors"), a critical factor that could alter the local environment.

48. Barrick also addressed the environmental controversy surrounding the Project by issuing public assurances of its commitment to preserving the water/glacier integrity around the mine site. For example, in June 2006, the Company published a written statement addressing objectors to the mine by confirming that Project approval in Chile required Barrick to comply



with over 400 conditions to build and operate the Project, “including very stringent commitments and controls for the protection of glaciers/ice fields and water resources.” As part of that statement, Defendants touted its “*commitment [] that there will be no significant impact on the water users in the valley*, either in terms of quality or quantity.” The Company further underscored “*its confidence in its operations and commitment to responsible mining practices*” by “*commit[ing] that should the water quality change, it would immediately stop the project.*”

49. Likewise, in a July 30, 2006 *New York Times* article titled, “So Much Gold, but Andean Farmers See Big Risks, Too,” Ron Kettles, the Pascua-Lama Project Manager, is quoted as saying “[i]t [] puzzles me why there is so much controversy,” adding “[t]his is *far and away the safest and most environmentally sensitive project* that I’ve [] built in 40 years . . . .”

## 2. Defendants Concealed That Pascua-Lama Was Economically And Environmentally Infeasible

50. At the same time Defendants were touting their commitment to Barrick’s environmental obligations, they also focused on Pascua-Lama’s status as a “low-cost” mine with notably economical operating costs:

The *updated capital cost estimate is \$2.3-2.4 billion* (excluding capitalized interest), an increase from the 2004 estimate of \$1.4-1.5 billion reflecting design improvements, changes and inflationary pressures affecting the mining industry. *While the capital required is higher, operating costs have been reduced* from the 2004 estimate of \$90-100 per ounce to \$40-50 for the first five years. *Pascua-Lama’s costs are expected to be near the bottom of the operating cost curve for the industry.*

February 22, 2007 Barrick Press Release titled “Barrick Updates Project Pipeline and Demonstrates Valuation Opportunity” (“Feb. 22, 2007 Press Release”). The Company noted in the same release that “*Barrick will comply with the Chilean approval and protect the icefields. . . .*” *Id.*



51. In the Company's 2006 Annual Report filed on March 29, 2007, Barrick further touted Pascua-Lama's "[l]arge annual production, long mine life, [and] low cash cost."

**As Early As 2006, Defendants Knew The Project Cost Almost Double Public Disclosures**

52. While promising to deliver an environmentally-compliant project and agreeing to all of the governments' environmental conditions, Barrick moved forward with obtaining an EPCM proposal, which would lay out the anticipated costs and schedule for the Project. In 2006 or 2007, the Bechtel Corporation, one of the world's largest construction and engineering companies, submitted its EPCM proposal to construct Pascua-Lama (the "Bechtel Report").

53. According to former project managers for Pascua-Lama, the Bechtel Report detailed that project development for Pascua-Lama would cost *more than \$5 billion* or more than twice the \$2.3-2.4 billion that Defendants disclosed to shareholders at the time. *See infra* ¶¶ 64-69; Barrick Feb. 22, 2007 Press Release. Specifically, Barrick's former Pascua-Lama Project Manager (the "Project Manager") and former Pascua-Lama Operations Manager (the "Operations Manager"), both confirmed that in 2006 or 2007, Bechtel submitted a proposal to construct Pascua-Lama (the Bechtel Report), which concluded that developing the Project would cost more than \$5 billion.

54. In addition to presenting a budget substantially higher than Defendants' public estimates, the Bechtel Report also concluded that it would take almost twice the time. According to the Project Manager, the Bechtel Report concluded that the mine would take 4-5 years to complete, not the 3 years (or 36 months) Defendants had told the market.

55. The Bechtel Report was the topic of extensive discussion among Barrick executives, including Defendant Potter; Pascua-Lama's Project Director, Ron Kettles ("Kettles"); and Barrick's Director of Construction, Peter Holmes ("Holmes"). According to the Project Manager, Holmes and Kettles were involved when Barrick received the Bechtel Report.

During his tenure, the Project Manager discussed the contents of the Bechtel Report with both Kettles and Holmes. The Operations Manager also discussed the Bechtel Report with Kettles. The Operations Manager was aware that the content of the Bechtel Report was well-known to other managers who discussed the report at Barrick.

56. The Bechtel Report's \$5 billion budget eviscerated Defendants' representations that the Pascua-Lama was one of the "new generation of low-cost mines." Not content to face the reality of the Bechtel Report, Barrick executives shopped around for a lower estimate that they could point to as a basis for their representations to shareholders. Specifically, according to the Project Manager, Defendant Potter would not accept Bechtel's assessment and went looking for other EPCM firms who would submit a lower proposal of costs. According to the Project Manager, the Company, including Defendant Potter, was looking to obtain a figure under \$2 billion with which Defendants could go public. According to the Project Manager, Barrick knew going into the Project what the real costs would be, but was worried that it would not be able to get financing for the Project back in 2007-2008, so that is why the Company ultimately went public with the much lower number. Similarly, the Operations Manager confirmed that Kettles and Defendant Potter shopped around after receipt of the Bechtel Report. According to the Operations Manager, the Company, including Kettles and Defendant Potter, were looking to obtain a number at \$2 billion, or less than half what Bechtel quoted the Company.

**Defendants Touted Pascua-Lama's Development During The Class Period, While Concealing It Was Unachievable As Promised**

57. At the start of the Class Period, May 7, 2009, Defendants announced that Barrick was approved to begin the Project development, after the Company obtained all the necessary construction permits. The Company again reaffirmed the mine's central importance to the Company in its Press Release issued on that day:

“We are building Pascua-Lama – one of the world’s best undeveloped gold mining projects,” said Aaron Regent, President and [CEO]. “*Our focus over the last few months has been on . . . improving the capital and operating costs and project economics and advancing discussions with global financial institutions to provide project financing.* We have made considerable progress on all these fronts which has culminated in our go-ahead decision today. The combination of the project’s attractive economics, significant production at low cash costs, and support by the governments of Chile and Argentina for this environmentally responsible project will generate enduring and substantial benefits for all concerned.”

58. On a shareholder call the same day, the Company continued to focus on Pascua-Lama being a “*world-class project that will contribute low-cost ounces at double digit returns to Barrick.*” During the call, Defendant Regent stated that “*Pascua-Lama is expected to be one of the lowest-cost gold mines in the world.*” Defendant Regent added that the Company had obtained an “*updated feasibility study confirm[ed] that the project has very attractive economics.* Updated capital costs are estimated at 2.8 to \$3 billion given a *double-digit*, unlevered after-tax *IRR* [internal rate of return] at a gold price of \$800 per ounce and a silver price of \$12 per ounce.” This announced budget was about half what Betchel had quoted.

59. Defendant SVP Potter touted the Company’s progress on the Project, stating that the “overall level of engineering is about 75% complete versus what you would typically expect in a project at this stage at about 25%.” With regard to environmental compliance at Pascua-Lama, Potter added that “[w]e’ve also incorporated all of the conditions of the environmental approval as well as the key sectorial permits for construction.” Defendant EVP Kinver also touted environmental compliance during the call: “Pascua-Lama has a strong environmental team that works very closely with local authorities and communities and who in turn are familiar with Barrick’s strong commitment to high environmental program standards.”

60. Defendants also touted the success of the Project based on the Pascua-Lama “team” being “enhanced with experience and knowledge of personnel from other sites,” Barrick’s “very effective risk management program,” “Barrick’s strong commitment to high environmental program standards,” and Defendants’ recent experiences and “lessons learned” from the Veladero mine, which was just south of Pascua-Lama in Argentina. Defendant Kinver stated:

Over five years of building and operating the Veladero mine successfully, we have been provided with a lot of experience working at high altitudes and in challenging weather. At Veladero, we currently experience roughly 11 days per year downtime due to weather and we’ve built in a period of 22 days in the Pascua-Lama mine. We also have a lot of experience of dealing with high-altitude fatigue and sleep disorder programs and have been implemented and proving very effective in achieving good efficiencies and productivity at Veladero.

61. After waiting nearly a decade for Project approval, analysts were encouraged, raising their outlook and valuation of Barrick. For instance, on May 8, 2009 TD Newcrest reported under the heading “Finally, a Go-ahead Decision on Pascua Lama”:

Event Barrick announced that *its \$2.8-3.0 billion Pascua Lama project* that straddles the Chile/Argentina border *is proceeding to construction*.

Impact *Positive* – The announcement comes after a delay of at least a decade. . . . *We have raised our Barrick target price to US\$41.00 (from US\$37.00) and increased our recommendation to BUY (from Hold).*

Details *Barrick notes that Pascua will be one of its lowest cost mines – in fact, during the first five years of production it will likely be the company’s lowest cost operation.* If the mine were currently in production it would lower Barrick’s overall cash cost by US\$40/oz. In Q1/09, Barrick’s average cash cost, including copper by-product credits, was US\$404/oz.

62. Analysts relied on Defendants’ assurances that the Company was successfully delivering on its low cost flagship mine, as promised. Defendants repeated this deceptive

message to the market throughout the Class Period. For example, during the Q2 2009 earnings call on July 30, 2009, which included Defendant participants Regent, Sokalsky, Kinver and Potter, Defendant Regent touted the benefits of Pascua-Lama; “[t]his is a *low-cost, long life project which is expected to have a significant impact on our future production cash costs, cash flow and earnings.*” Later, on the Company’s April 28 Q1 2010 earnings call to shareholders, Defendant Regent again confirmed its “world class” Pascua-Lama project was “on schedule and [] expected to come in line with [its] respective capital budget[.]”

**Barrick’s Experienced Managers Reported And Barrick’s Internal Documents Demonstrated That The Project Was Unachievable As Promised**

63. On April 29, 2010, Barrick filed its Form 6-K with the SEC reporting its 1Q 2010 financial results. In the filing, the Company reiterated that Pascua-Lama was “*on track to enter production in the first quarter of 2013. . . . The project remains in line with its pre-production capital budget of \$2.8-\$3.0 billion.*” Yet, according to the Project Manager, when he took over construction of the mine in 2010, the budget for construction was \$2.5 billion. Based on his vast experience, he immediately knew that it would be impossible to complete the Project for that amount because of the logistics; the cost would be at least \$4.5-\$5 billion. Further, he told senior management in 2010 that the Company’s estimated 36-month construction completion schedule was unrealistic and that the Project would take at least 50 months. According to the Project Manager, the 36-month schedule for a Project of this magnitude was infeasible because the engineering aspect of the Project was only 10% complete at that time. The Project Manager discussed this unrealistic timeframe and budget with Defendant Potter in May and June 2010, but Defendant Potter’s response was always the same: the budget was what it was, and the Project Manager had to deal with it.

64. Barrick's publicly disclosed timeline for the Project was unrealistic. For instance, while Defendants touted that the Project was 75% "engineered" (*i.e.*, the level of engineering detail sufficient to reliably estimate costs), according to the Operations Manager the Project was only 10% engineered as of May 2009 when Defendants announced that they were proceeding with construction at Pascua-Lama. Even later, as Defendants were telling the public in the April 2010 Form 6-K that the engineering at Pascua-Lama was nearly 95% complete, engineering remained at only 10% complete, according to the Project Manager. Typically, the Operations Manager noted, a project should be between 70 and 80% engineered before construction begins. Indeed, this was the purported level Defendants used to deceive shareholders.

65. The Project Manager also indicated that the publicly disclosed budget was insufficient because of the logistics of the Project. According to the Project Manager, Pascua-Lama was the most difficult project he had ever worked on in his 40 years of experience due to remoteness of the area and the arduous topography. He also noted that the brutal climate and elevation and required logistics alone increased the cost by 35%.

66. When Defendants Regent, Kinver, and Potter traveled to Chile, the Project Manager spoke to Defendants Kinver and Potter regarding the Project. For example, when the Project Manager met with Kinver and told him that he needed additional funds to maintain compliance with environmental requirements and the schedule, Kinver told him that he had to make do with the existing budget. This is similar to the conversations the Project Manager had with Defendant Potter, who also refused to reconsider budgeting issues when told by this manager that the current budget and schedule was infeasible.

67. The Field Engineering Manager confirmed that the publicly disclosed budget and timeframe were unachievable. From July 2010 to October 2010, the Field Engineering Manager

worked with a team to analyze the soundness of Pascua-Lama's execution plan. In mid-October 2010, that team drafted and submitted a Project Plan report (the "Project Plan Report") to the Project Director of Pascua-Lama, Ron Kettles. The Project Plan Report concluded that the current estimate of \$2.8 billion capital budget was infeasible within the Company's allotted 36-month time frame. Yet during the October 28, 2010 earnings call for 3Q 2010, Defendant Regent continued to report that Pascua-Lama "remains in line with its pre-production capital budget of about \$3 billion, with production scheduled to begin in the first quarter of 2013."

68. According to the Field Engineering Manager, one example of Barrick's infeasible estimates included its construction of a 120 km access road from sea level to elevations between 3,800 and 4,500 meters above sea level. Though a \$1 million per km construction cost is a standard starting point for capital projects that involve road construction, Defendants estimated a cost of \$37 million for the 120 km road or less than one-third the standard.

69. The Project Plan Report also concluded that it was impossible to complete the Project within Barrick's 36-month timeline due to the logistical complications of working at such high elevations. The Project Plan Report concluded that the timeline was at least 18 months too short as of October 2010, meaning that the Project could not have realistically been completed until the second half of 2014, not the first quarter of 2013 as Defendants were telling the public at the time. *See, e.g.*, ¶ 63.

**Additional Internal Documents Demonstrate That Publicly Disclosed Capital Cost Revisions Had No Basis**

70. On February 18, 2011, Barrick filed its Form 6-K with the SEC to discuss its operations during the 2010 fourth quarter and year end. As part of its Form 6-K, Barrick admitted that capital costs at Pascua-Lama were expected to increase 10-20% to \$3.3-\$3.6 billion due to inflationary pressures, high labor costs, exchange rates, and increased commodity (steel)

prices*i.e.*, macroeconomic events. The Company was quick to add that “[d]espite these increases . . . Pascua-Lama continue[s] to have ***very strong economics***.” Specifically, the Company touted: “When complete, it is expected to be ***one of the lowest operating cost gold producing mines in the world***. The ***project is a long life asset*** with an expected mine life of over 20 years.” As part of the same filing, the Company also reconfirmed its compliance with environmental regulations and obligations, affirming that its activities “are undertaken pursuant to existing environmental approvals” and that “[w]e have a comprehensive range of measures in place to protect such areas and resources.” *See infra* ¶ 313.

71. While analysts noted the capital cost increase, which Defendants attributed to macroeconomic pressures, the analysts’ concerns were largely assuaged by Barrick’s deceptively positive statements. For example, in a February 18, 2011 report, the analyst at Jefferies & Company, while referencing the purported inflationary cost increase, focused on Barrick’s update on Pascua-Lama and similar “low operating cost” project, noting: “Barrick’s advanced projects are progressing as per schedule, and are expected to come on line over the next 3 years. At Pascua Lama, ***Barrick management believes it is fully compliant with the permits and provincial legislation, including legislation for glacier protection***. Barrick’s gold production could increase to 9 million ounces, when these low operating cost projects reach full capacity.”

72. Despite Defendants’ public assurances that costs at Pasuca-Lama as of February 2011 were going to be between \$3.3-\$3.6 billion, internal March 2011 estimates of the cost of Project operations for the remaining nine months of 2011 alone exceeded \$1.05 billion-nearly 30% of the publicly acknowledged cost estimate for the entire Project at a time when, according to the Project Manager, construction at Pascua-Lama had just begun by breaking ground.



73. On July 28, 2011, Barrick held a conference call with shareholders to discuss the Company's operating results for 2Q 2011. During that call, Defendants announced another increase to the Pascua-Lama capital budget: \$4.7-\$5.0 billion. During the earnings call, Defendant Regent downplayed the extent of the problems with Barrick's plans for Pascua-Lama. While conceding that "earlier estimates were light," Regent admitted for the first time that the publicly stated costs were based on "generic project" assumptions, not the extraordinary and unique circumstances of Pascua-Lama:

The earlier estimates were light. When you look at the benchmarking of quantities required for a generic project, assumptions that were used for this project were consistent and in line with that. When you look at the location of Pascua-Lama, particularly the winter conditions where there's significant winds, snow. As an example, structural steel, as a consequence, a lot more structural steel was required to fortify the facility housing the processing plant.

74. The next day, July 29, 2011, the Defendants filed with the SEC a Form 6-K reporting the same results. In the filing, Barrick again attributed the increased capital costs to unexpected "inflationary effects on costs for key consumable inputs and labor, re-estimations of materials such as steel, cement, fuel and equipment and increased expenditures to essentially maintain the schedule." The Company also reassured investors that production was on schedule for mid-2013. Defendants' statements concealed the real root of the problem: the original budget and timeline were never achievable or feasible.

75. Indeed, as Defendants were reassuring investors that the latest Project budget was accurate, a July 2011 "high-level estimate review" performed by the consulting firm Turner & Townsend (the "T&T Report") concluded that the Company's new capital budget was not an adequate basis for the Company's cost estimates, which were publicly touted. According to the T&T Report, the consultants conducted a "high-level audit of the original (2009 Estimate) and

forecasted estimate (June 2011).” The T&T Report concluded that Barrick’s 2011 budget did not comply with Barrick’s internal standards for a “Class III estimate” because it was “*wholly based on data from the February 2009 estimate.*” Although Barrick commissioned the report, Barrick instructed the firm that “no adjustments were to be made following [T&T’s] findings.”

76. Setting aside Defendants’ failure to assess the true cost of the Project in 2009, the T&T Report concluded that Defendants’ adjustments to the costs were inappropriate. In this regard, the Audit Report concluded: “The re-scoping of work in some instances, newly identified economic trends, adjusted contracting and construction strategies and escalated market rates were allocated as a straight line adjustment to the February 2009 estimate. *This methodology, in our opinion, does not adhere to general estimating principles.*”

77. The T&T Report further concluded that (i) “[t]he June 2011 estimate is not supported by any Basis of Estimate”; (ii) “[t]he project logistic plan should be revisited”; and (iii) the forecast 2011 estimate should be frozen and any changes should be documented as additional scope requirements.” In other words, Defendants had no basis for assuring the public that the Company’s new estimates were any more accurate than the previous ones.

78. In July 2011, according to an internal Barrick report, the Company also undertook a “high level review of risk exposure . . . to establish a suitable risk contingency for the Pascua-Lama Project.” The product of the review was a July 2011 Risk Exposure Report, which likewise put Defendants on notice that the information they were providing to shareholders was unreliable. This report concluded that Barrick’s controls at Pascua-Lama suffered from “*[i]naccurate reporting of deliverables/failure to adequately monitor progress*” and “*[n]o formal system in place for scope/change management.*”

79. Also beginning in July 2011, Monthly Progress Reports for Pascua-Lama (“Monthly Progress Report”) were circulated internally at Barrick. These documents discussed safety, project controls, engineering, contracts and procurement, construction, security, and human resources issues, among other things. The Monthly Progress Reports were circulated internally to Barrick’s Pascua-Lama team in Chile and to the Company’s Toronto office, including Defendants Kinver and Gonzales.

80. The July 2011 Monthly Progress Report likewise demonstrated that Defendants had no basis for their representations about the budget and timeline for Pascua-Lama. That document, and a subsequent Pascua-Lama Monthly Progress Report circulated internally in September 2011, identified that the “project reporting” at Pascua-Lama suffered from “[s]ignificant inaccuracies, omissions and inconsistencies in monthly reports”; “[c]ost [m]anagement [p]rocess weaknesses and inaccurate reporting”; and “[r]isk [m]anagement [p]rocess weaknesses contributing to inaccurate reporting.” The Monthly Progress Reports further concluded that the Company had not fully established at the outset of the Project a “program management framework,” which would incorporate a plan for the Project’s execution and include a definite organizational structure, strategy, and contracting plan.” Nor had Defendants established a system for tracking progress at Pascua-Lama based on planned tasks and the completion of those tasks according to the Project schedule, *i.e.*, an “earned value management system.” These deficiencies were the manifestation of Barrick’s internal controls weakness, which rendered Defendants’ Pascua-Lama-related and financial disclosures unreliable and inaccurate. Defendants Kinver and Gonzales were among the recipients of the September 2011 Monthly Progress Report, which noted the “inaccuracies, omissions and inconsistencies” in

the Pascua-Lama project reporting, the lack of a fully established “program management framework,” and the failure to implement the “earned value management system.”

81. Because of these internal failures, despite Defendants’ assertions to the contrary, Barrick continued to underreport the true cost of developing Pascua-Lama into 2012. For example, the Company’s internal January 2012 Monthly Progress Report repeated the issues with “project reporting” identified in the July and September 2011 Progress Reports (¶ 80).

82. According to a former Senior Project Controls Manager from Pascua-Lama, around the same time in December 2011 and March 2012, the Company initiated additional internal reforecast reviews, which resulted in increased capital estimates each time. An internal document entitled “Lama Master FCST by Work Package” dated January 23, 2012, confirms these increases. This worksheet compared Barrick’s original budget for the Lama side of the mine to 2011 incurred and estimated costs and generated an updated budget based on that data. The worksheet also outlined certain costs for the Chilean side of the Project.

83. The Lama Master FCST by Work Package document also indicates that the total *capital costs for Pascua-Lama as of January 2012 would exceed \$6.1 billion*. The Company concealed this number *for over seven months*.

84. One month later, on February 17, 2012, the Company reported its Q4 2012 results and again discussed its “previously announced pre-production capital of \$4.7-\$5.0 billion.” Indeed, it was not until July 26, 2012—over seven months after the Work Package document was circulated internally—that Barrick announced its Q2 2012 results and revealed that costs would be between 50-60% higher than the previously disclosed budget of \$4.7-\$5.0 billion.

85. Defendants continued to conceal the true facts of the increasing costs of Pascua-Lama through the end of 2012 and into 2013. For example, during the November 1, 2012 Q3

Earnings Call, Defendant/CEO Sokalsky insisted that in announcing a new estimate of \$8-\$8.5 billion Barrick had finally gotten it right: “[O]ur confidence level has substantially increased and work to date suggests the capital costs will be closer to \$8 billion to \$8.5 billion with first production in the second half of 2014. Delays in the earth works and underground works for the process plant are the primary reason for the indicated shift in schedule.” Defendant Sokalsky continued to conceal the fundamental fact that the mine had never been technically or economically feasible under any of the Company’s public cost estimates.

86. Just one month later, in December 2012, the Company received an additional reforecast from Fluor (Barrick’s EPCM) undermining Defendants’ public statements. According to an internal document dated December 2012 containing a “P[ascua-]L[ama] Consolidated Estimate” (the “December 2012 Consolidated Estimate”), the forecast for completion of Pascua-Lama as of that time was \$8.96 billion, nearly \$500 million more than the upper limit of the Company’s November 2012 announcement.

87. A March 2013 document entitled “Pascua-Lama Basis for Re-forecast” authored by Fluor confirmed that the true internal estimate as of December 2012 exceeded \$8.8 billion. Defendants did not disclose this Pascua-Lama budget in any of the early 2013 earnings calls or financial statements.

88. Defendants further concealed a July 2013 Report that Fluor submitted to Barrick. According to the Project Controls Manager, this Fluor report increased the costs for Pascua-Lama even more, to about \$10 billion. The Project Controls Manager learned about the report from Kirk Lundie, the Senior Director of Project Controls at Pascua-Lama.

**Barrick's Project Managers Reported And Barrick's Internal Documents Demonstrated That The Company Was Violating Its Environmental Obligations**

89. While Defendants were underreporting costs and the time needed to complete construction at Pascua-Lama, they were also concealing the Company's failure to comply with its environmental obligations at the Project. As discussed above, the central concern of the Chilean government and local communities was that the glaciers and local water supply not be harmed or polluted. To this end, Barrick agreed to specific terms, among the over 400 environmental obligations detailed in the environmental impact assessments (§ 45), to reduce the risk that tons of toxic dust and debris from the mining operations would be blown onto the glaciers and then melt into the water supply during the summer.

90. By no later than April 2010, however, Defendants knew they were violating these commitments and refused to fund adequate remediation. According to the Project Manager, by no later than April 2010 Barrick was not in compliance with certain environmental procedures. For example, the Project Manager explained that many of the environmental compliance problems stemmed from the need to keep the roads near the mine wet to prevent dust from being blown onto the nearby glaciers. Part of the problem stemmed from Barrick not having enough water to fulfill its road wetting obligations, among other needs. To cure this compliance problem, the Project Manager identified certain compounds that could be used on roads in lieu of water to prevent the dust from being blown onto the glaciers. The compound was used and worked well for a period of time, but Barrick soon decided it was too expensive and refused to purchase the compound. As a result, the Project was in constant violation of environmental obligations Barrick had expressly agreed to, and Barrick was continuously fined for this breach.

91. As a direct result of the Company's failure to comply with these obligations, and as Defendants would later be forced to admit, the "pre-stripping activities" were halted in Chile

to address legal and regulatory processes, including Barrick's failure to mitigate dust and add suppression measures. *See infra* ¶ 127.

92. Barrick's environmental non-compliance continued into 2011. More specifically, Barrick's internal Monthly Progress Reports for July and September 2011 identified "main issues" with the Company's Project commitments. Among the "main issues," these Monthly Project Reports identified the Company's failure to meet its obligations to implement an effective glacier monitoring program that allowed construction to proceed without risk to the glaciers and considered how the project would impact the glaciers over time.

93. The Monthly Project Reports also showed that other dust-mitigation procedures were also being violated. In particular, the Company had agreed to restrict the number of vehicles traveling through certain surrounding areas and their flow rates, thereby limiting resulting dust production, but monitoring showed that the Company was violating this commitment.

94. The July and September Monthly Progress Reports further observed that the Company was failing to meet its water management system construction commitments, one of the issues the Chilean regulators ultimately cited for suspending the mine's construction:

***Risk of not meeting the commitment to have the water management system fully operational before the start of prestripping:*** This is a ***key commitment*** emphatically stated in the project's environmental approval. The Authority polls indicate that there is no possibility of postponing its execution. If it begins to overload and [sic] sterile removal of the mine, the ***project will be in grave danger of being paralyzed.***

95. Despite an adequate water management system being one of Barrick's "***key commitment[s]***" in the environmental impact assessments, these internal reports detail the Company's failure to do so.

96. For example, the July and September Monthly Progress Reports documented that the Company was in violation of another water management system commitment: the implementation of 24 stations to monitor the water in the River Estrecho. The reports pointed out that compliance with this commitment was a pre-requisite to commencing the pre-stripping process, and that “the execution of works and commissioning of the system [was] not finished yet . . . .”

97. As part of its water management system commitments, Barrick was also obligated to treat contaminated water in the Acid Rock Drainage Plant. But according to the Field Engineering Manager, Barrick also failed to meet this obligation before its October 2012 deadline. According to the Field Engineering Manager, the Company simply disregarded its obligations under the EIA to complete the plant and fulfill other EIA obligations.

98. Also important to Barrick’s ability to comply with its water management system commitments was its capturing of runoff water from the mine to be treated and reused by the mine before it reached the rivers in the area. Project managers at Pascua-Lama confirm that this commitment was breached as well. According to the Operations Manager, Barrick had agreed to build canals near the Pascua-Lama mine to move the runoff water away from the mine to a treatment plant before the water could be discharged into the rivers. He noted that the canals had to be built in compliance with certain specifications to contain massive amounts of glacial runoff in the summer. The Operations Manager explained that the original engineered plans to build these water canals were changed in the first quarter of 2011. According to the Operations Manager, *these changes were made to cut costs by 35%*. Significantly, Defendants made these cost cutting alterations to the agreed-upon plans *without the government’s knowledge*.



99. The Operations Manager immediately raised concerns about the changes and the potential impact to the environment. In fact, he drafted three reports highlighting these concerns and how these changes were going to hurt Barrick in the long run. Around the time that Barrick initiated the changes to the canals' design, the Operations Manager presented his reports on the consequences to his manager, Dante Vargas, Barrick's South American Operations Manager at the time, who would have forwarded them to Defendant Gonzales. Ultimately, Barrick went through with the changes, which resulted in immediate environmental consequences upon the first melting of the glaciers. According to the Operations Manager, the problems were so severe that Barrick had no choice but to inform the Chilean government. The government then came down hard on Barrick, which eventually led to the government's April 2013 injunction. *See infra* ¶¶ 130,131.

100. Defendants' disregard for Barrick's environmental obligations at Pascua-Lama was ongoing and intentional. Even after the Chilean regulators were in the process of penalizing Barrick for its violation of the Company's water management obligations, Barrick continued to violate other environmental requirements. For example, in 2012, according to the Field Engineering Manager, the Company purchased and constructed without the necessary environmental permits temporary shelters engineered for extreme environments (called Alaska Structures) to house 750 Barrick employees at Pascua-Lama. Barrick spent \$6 million to purchase the structures without proper environmental clearance.

101. Furthermore, according to the July and September 2011 Monthly Progress Reports, Barrick's violations of its environmental obligations at Pascua-Lama were not limited to Chile. For example, in Argentina, the reports noted, Barrick was in violation of its obligation to

divert sedimentation from major earthworks, and was at risk of penalization from the Argentine regulator for failing to maintain the proper system.

**Defendants' Knowing Violations Of Barrick's Environmental Commitments Were Discussed At A March 2012 Barrick Employee Workshop**

102. Despite the documents and other evidence of Barrick's numerous and known violations of its environmental commitments, the Company's misconduct continued into 2012. According to internal documents, Barrick's environmental commitments and the corollary risks of violating them were discussed on March 6 and 7, 2012, at a meeting of more than 100 Barrick employees at the La Serena Pascua-Lama Operational Readiness Plan ("ORP") Workshop in La Serena, Chile (the "La Serena Meeting"). During the La Serena Meeting, the employees attended presentations to review the ORP for the Pascua-Lama Project. The presentation identified current and potential technical, legal, community, environmental, and other problems that Pascua-Lama could face in the transition from construction to operation. Among the attendees were a number of Barrick employees from the Company's Toronto headquarters.

103. Among the topics for discussion at the La Serena Meeting were serious concerns about environmental compliance with the Environmental Qualification Resolution ("RCA"), which encompassed all of the EIA requirements. A March 6, 2012 presentation from the La Serena Meeting noted that one of these concerns was noncompliance with Barrick's environmental obligations at Pascua-Lama, and that Barrick's noncompliance would result in delaying or shutting down the Project entirely.

104. An entire March 7, 2012 presentation at the La Serena Meeting was devoted to the Water Management System, the related EIA commitments and Barrick's known violations of those commitments. The presentation focused on the "concern" that "[water management] [s]ystem *design committed in EIA differ[s from] the current system under construction,*"

meaning that Barrick was intentionally proceeding with construction that violated the EIA. Indeed, according to the presentation, Barrick had requested approval for the system, but the authorities' "*approval [was] refused due to an inconsistent design.*" Not only had Barrick initiated construction that violated the EIA, but the Company continued with that construction after Chilean authorities rejected a proposal to amend the requisite design.

105. This violation of the EIA put the entire Project in jeopardy. Indeed, as the presentation noted, even the best case scenario the non-compliance would cause delays and cost the Company money:

- (a) "[e]ach month delayed in delivery of [the Water Management System] will impact the first gold production directly"; and
- (b) "[n]ot complying with First Gold in June 2013 will impact on financial and market results."

106. The presentation's proposed "[c]ommitments for [s]uccess" with respect to resolving these "concerns" included "*[s]tart[ing to] approach [] the authorities to obtain partial approval for the system.*" In other words, as of March 2012, Barrick had not designed a water management system that complied with the EIA. Moreover, Defendants had failed to obtain approval for any work that deviated from that plan even though the Company had proceeded with construction that violated the EIA. Despite these prevalent and known issues, the Company continued to deceive investors regarding its progress on the Pascua-Lama Project.

107. Another March 7, 2012 presentation from the meeting discussed the Company's obligations to develop an "[i]ntegrated [d]ust management [s]ystem." The presentation explained that under the terms of the RCA, "Barrick must access the mineral resource (pit) within the project in proximity to the Toro 1, Toro 2 and Esperanza glaciers zone in a manner

that does not cause the removal, transport, obliteration or any physical interference of the glaciers.”

108. The presentation also noted that more than two years prior to the La Serena Meeting, Barrick had been sanctioned in January 2010 for its failure “to implement the suitable measures intended to reduce or eliminate particulate matter emissions.” According to the Presentation, a May 2011 report from the regulators observed that “dust [was] falling on top of the glaciers.” After receiving notice and sanctions for the violations, Barrick continued to violate its obligations to implement an effective dust management system into 2011 and 2012.

109. Nearly three years into the Project and the original construction completion deadline for the Project, the Presentation indicated that Barrick did not have a feasible way of complying with its environmental commitments at Pascua-Lama.

**Barrick Publicly Touted Its Environmental Compliance, Concealing Its Persistent Failures And Violations**

110. While the environmental degradation and harm to glaciers was ongoing, Defendants projected an image of Barrick as committed to environmental compliance. For example, on October 29, 2010 and February 18, 2011, Defendants filed Forms 6-K with the SEC, in which, as part of its discussion of its operations, the Defendants declared that the Company was in compliance with environmental approvals and focused on potential impacts on water resources and glaciers:

Our activities do not take place on glaciers, and *are undertaken pursuant to existing environmental approvals* issued on the basis of comprehensive environmental impact studies that fully considered potential impacts on water resources, glaciers and other sensitive environmental areas around Veladero and Pascua-Lama. We have a comprehensive range of measures in place to protect such areas and resources.

This same false assertion was repeated throughout the Class Period.

111. Despite the numerous documented violations of Barrick's environmental obligations, on December 4, 2011, the Company issued a special statement in response to environmental concerns about Pascua-Lama. In that statement, the Company assured investors and the public that

the company has put in place a *range of measures to mitigate the potential impact of dust emissions on glaciers. All of those measures have been incorporated into the project's Environmental Impact Statement (EIA), which was approved by environmental authorities.* During the [environmental impact assessment] revision process, it was determined that the Pascua-Lama project *will not generate damaging dust accumulation in areas where glaciers are present.* The project will put in place a set of dust abatement and control measures such as road watering and proper road planning.

112. Barrick also publicly touted its Corporate Responsibility Committee ("CRC") as a resource to ensure environmental compliance. *See* May 2, 2012 Notice of Annual Shareholders Meeting. The CRC, formerly named the Environmental, Health and Safety Committee, is mandated by the Board of Directors to:

review Barrick's corporate social responsibility, environmental, health and safety policies and programs; to oversee Barrick's corporate social responsibility and environmental, health and safety performance; to monitor current and future regulatory issues relating to environmental, health and safety matters; and to make recommendations, where appropriate, on significant matters in respect of environmental, health and safety, and corporate social responsibility matters to the Board.

113. Defendant Regent was a member of Company's Corporate Responsibility Committee ("CCRC") from February 17, 2011 through June 5, 2012. According to the Company's May 2, 2012 Notice of Annual Meeting of Shareholders, Regent, as a member of the CRC, "received presentations from management on the Company's corporate social responsibility programs, environmental performance and initiatives, reclamation and closure

costs, safety and health performance and initiatives, permitting and government approvals at the Company's development projects, and security matters."

114. Likewise, seemingly as part of its compliance efforts, Barrick made a practice of hiring experienced managers and personnel to work on Pascua-Lama, publicly touting their experience to shareholders and analysts (§ 60), but then ignored the environmental problems these individuals reported, knowing that compliance would raise capital costs to an unacceptable and infeasible level.

115. For example, the Project Manager, with his 40 years of experience, fought Barrick to be environmentally compliant during his entire tenure at the Company, but his efforts were rebuffed. Instead, he was told to make do with his inadequate budget.

**D. The Truth Regarding Pascua-Lama's Cost, Schedule, and Compliance Issues Is Revealed**

**1. Q2-2012 Revelation of 50-60 Percent Cost Increase and Environmental Compliance Issues at Pascua-Lama; CEO Regent Terminated**

116. On June 6, 2012, the Company surprised shareholders, announcing that Defendant Regent was terminated as CEO and that Defendant/CFO Sokalsky was taking over "effective immediately."

117. Only weeks after Regent's termination, on July 26, 2012, Barrick announced that capital costs for Pascua-Lama were going to be between \$7.5-\$8.0 billion—up to 3 times Defendants' original public cost estimate of \$2.5-\$3 billion. The Company also revealed for the first time a delay in the project, with first production now expected in mid-2014, after previously announcing it was expected in 1Q 2013.

118. Also on July 26, 2012, Defendant Sokolsky held his first earnings call as CEO. In that capacity, he addressed the cost overruns and schedule delays at Pascua-Lama by affirming

his commitment to closely monitoring the project: “I visited the site last week with our CFO Ammar Al-Joundi [who took Sokolsky’s position], COO Igor Gonzales. . . . We met with the Barrick project management team, the Techint team and the Fluor team. This was my second visit to the site in a couple of months, and I’m sure it will be a regular destination for me and our team going forward.”

119. Sokolsky reported to the market that these issues at Pascua-Lama prompted an “extensive dialogue about the reasons for the increase in CapEx and the schedule delay.” Sokolsky conceded that “a more detailed evaluation estimate and understanding of those costs” was required and that even an initial reviewed revealed that Defendants’ “overall project management structure let us down.” According to Sokolsky, these shortcomings were a “a major factor” for the increase in CapEx [capital expense] and the schedule delay. Sokolsky further assured shareholders, stating: “as the CEO I accept full responsibility for this. This is the number one priority for me and my team, and we are 100% focused on delivering on this project.”

120. Analyst reports reflected surprise at the magnitude of the cost increase. A July 26, 2012 Cannacord report called the results “staggering”: “The Pascua review results in staggering revision to cost structure.”

121. Analysts quickly linked the problems at Pascua-Lama with Defendant Regent’s departure. A July 26, 2012 Jefferies analyst report noted: “Barrick announced that Pascua-Lama capex assumptions have been raised 50-60 percent above the current guidance of \$5b. In hindsight, market suspicions that Aaron Regent’s dismissal was about more than was revealed by the company have proved valid.”

122. As a result of the disclosures regarding the Company's Pascua-Lama Project, Barrick's stock price dropped immediately from \$33.80 on July 25 to \$32.73 on July 26, a decline of approximately 3.2%, on abnormally high trading volume.

123. The next day, despite disclosing increased costs and the failings of project management, in the Company's July 27 Form 6-K, the Company again reiterated its statement of compliance with "existing environmental approvals" and its focus on "potential impacts on water resources [and] glaciers" around Pascua-Lama and its "comprehensive range of measures in place to protect such areas and resources." *See supra* ¶ 110. These assurances were made despite the systemic environmental failures at Pascua-Lama (¶¶ 90-109) and Defendant Sokalsky's prior admissions that he had just travelled to Pascua-Lama, had met with the teams out there, and had "extensive dialogue about the reasons for the increase in CapEx and the schedule delay"-in other words, he fraudulently concealed the reality of Pascua-Lama.

**2. The Consequences Of Defendants' Fraud Continue To Materialize**  
**True Capital Costs Of Constructing Pascua-Lama Are Further Revealed**

124. On November 1, 2012, the Company filed its Form 6-K announcing its third quarter 2012 results of operations and held its earnings call on the same day. As part of its discussion of operations during the earnings call, Defendant Sokalsky disclosed "capital costs will be closer to \$8.0-\$8.5 billion," an increase of as much as 13% from its second quarter announcement of an increase in capital costs to \$7.5-\$8.0 billion, and a delay in first production to mid-2014. Sokalsky added that Defendants attributed the "main reason for the shift in schedule to the second half of 2014" to involve "[d]elays in the earthworks and underground works for the process plant." Despite these disclosures, Defendants continued to conceal that the original budget and timeline for Pascua-Lama had never been feasible, that they had excluded



the costs reflected in the increased \$8-\$8.5 billion budget, and that all of Barrick's prior adjustments to the budget and timeline had been unfounded.

125. Analysts were shocked, questioning whether these true costs were previously known. For instance, in Dahlman Rose & Co.'s report of November 1, the analyst commented: "We note the poor IRR [internal rate of return] for Pascua-Lama and believe the project should not have been developed if current capital costs were properly anticipated." Morningstar reported on the same day that the "most notable disappointment" of the Company's announcements "is continued delays and capital cost creep at the massive Pascua-Lama development project on the border between Chile and Argentina."

126. As a result of this news, Barrick's stock suffered a severe blow. It dropped from \$40.50 on October 31 to \$36.70 on November 1, a decline of approximately 9.4%, on heavy trading volume.

**The Chilean Government Responds To Barrick's  
Environmental Degradation At The Pascua-Lama Mine**

127. On February 14, 2013, Defendants held their fourth quarter 2012 and year-end earnings call. During the course of that call, Defendants disclosed for the first time that "the pre-stripping activities were halted in Chile to address certain matters that are the subject of ongoing legal and regulatory processes." Indeed, later on the same call, an analyst at RBC Capital Markets asked, "just as a follow-up on the pre-stripping, can you give us sort of where things stand with respect to the ongoing legal and regulatory processes?" In response, Kelvin Dushnisky, Senior Barrick EVP, responded,

First, in the fourth quarter of last year, there was unusually high wind and dust. And so, we voluntarily, actually, stopped pre-stripping at that time. We had discussion with regulators, and there was an agreement that we needed to do certain things to mitigate dust, add suppression measures, more ventilation in the tunnel, and a monitoring program. Which we are now well underway, and

working with the regulators towards. So, that will help us get back on track.

There's also water management... we're having to work with the regulators now to refine the water management system as well.

128. These were precisely the issues that had existed on the project, and were known to Defendants, from no later than 2010 onward (§ 90). Rather than address these issues at the time, Defendants prioritized cost-cutting measures over compliance. The inevitable result was the Company's pre-stripping activities finally being halted. Similarly, the Company's response failed to disclose that its water management system was noncompliant from at least the first quarter 2011 due to the Company's unilateral changes to engineering plans concerning water canals-all to save money (§ 98).

129. The consequences of Defendants' prior decisions to put cost cutting measures over compliance with their environmental obligations continued to plague the Company in the following months.

**The Consequences of Defendants' Fraud Results In Chilean Court Halting Work At Pascua-Lama For Failure To Comply With Environmental Rules**

130. An April 10, 2013 article published by *Bloomberg*, titled "Barrick Falls After Chile Court Halts Pascua Lama" reported that "the world's largest gold miner by sales, fell to the lowest in more than four years after a report that a Chilean court ordered work at its Pascua-Lama mine halted." An update of the article titled "Barrick Drops After Chile Court Halts Pascua-Lama's Toronto Mover" later in the day observed that "Barrick faces as much as \$10.2 million in fines in connection with the mine, which Chile's environmental regulator said in March has failed to comply with environmental rules."

131. Also on April 10, Barrick issued a press release acknowledging "media reports indicating that a Chilean court has issued a preliminary injunction pending a full hearing, halting

construction activities on the Chilean side of the [] project. The company has not yet been formally notified of the court order and will assess the potential implications once it has received official notification.” Later that day, Barrick issued a second press release stating that it was:

suspending construction work on the Chilean side of the Pascua-Lama project while working to address environmental and other regulatory requirements to the satisfaction of Chilean authorities. . . activities deemed necessary for environmental protection will continue as authorized. . . . It is too early to assess the impact, if any, on the overall capital budget and schedule of the project.

132. Defendants’ reaction was misleading because Defendants failed to alert the market of the extent of the environmental violations at issue, of their decision to cut costs rather than comply with the Company’s environmental obligations, and that Barrick had not been in compliance with its environmental obligations since at least April 2010. *See, e.g., supra* ¶¶ 90, 98-99.

133. Nonetheless, this news caused Barrick’s stock to drop immediately from \$26.69 on April 9 to \$24.46 on April 10, a decline of approximately 8.4%.

**The Consequences Of Defendants’ Fraud Lead To Credit Downgrades, Management Removal, And Steep Regulatory Fine**

134. The consequence of the mine’s suspension had a profound impact on the Company. On April 24, 2013, Moody’s Investor Service downgraded the senior unsecured debt ratings of Barrick and all rated subsidiary issuers guaranteed by Barrick from Baal to Baa2 and modified its outlook from “stable” to “negative,” citing “challenges facing the [C]ompany following the Chilean government’s injunction to halt construction activity, on the Chilean side of the Pascua Lama mine.”

135. The next day, on April 25, 2013, the Company disclosed that Guillermo Calo, Barrick’s president for South America since July 2012, Robert Mayne-Nicholls, general director

of operations, and Rodrigo Jimenez, regional vice-president for corporate affairs, had resigned from the Company's South American unit.

136. On April 26, 2013, Standard & Poor's Rating Service followed Moody's by also downgrading Barrick's long term corporate credit rating from BBB+ to BBB, citing "several recent company announcements including... a Chilean court preliminary injunction that has stopped major construction activities on the Chilean side of its Pascua-Lama project."

137. A month later, on May 24, 2013, Chile's Environmental Superintendent (Superintendencia del Medio Ambiente) issued a resolution suspending the Pascua-Lama Project pending compliance with an environmental permit, and imposing a fine equivalent to \$16 million-the maximum penalty possible under Chilean law. That day, Barrick issued a press release stating:

[Barrick] today received a resolution from Chile's Superintendence of the Environment (Superintendencia del Medio Ambiente or "SMA") that requires the company to complete Pascua-Lama's water management system in accordance with the project's environmental permit before resuming construction activities in Chile. The SMA also announced that the company will be subject to an administrative fine of approximately \$16 million for deviations from certain requirements of the project's Chilean environmental approval, including a series of reporting requirements and instances of noncompliance related to the project's water management system.

138. An article published on May 24 by the *Associated Press*, titled "Barrick fined \$16m for Pascua-Lama violations," further reported that Chile's environmental regulator had identified 23 violations and that Barrick had admitted to all but one. The article further stated that Chilean officials concluded that Barrick's conduct was deceptive and fraudulent:

Chile's regulator noted that while Barrick itself reported failures, a separate and intensive investigation already begun by the agency's own inspectors found that the company wasn't telling the full truth. "We found that the acts described weren't correct, truthful or provable."

139. The article went on to explain the government's four-month investigation:

Chile's environmental regulator blocked Barrick Gold Corp.'s \$8.5 billion Pascua-Lama project on Friday and imposed its maximum fine on the world's largest gold miner, citing "very serious" violations of its environmental permit as well as a failure by the company to accurately describe what it had done wrong. After a four-month investigation, the Environmental Superintendent said all other construction work on Pascua-Lama must stop until Barrick builds the systems it promised to put in place beforehand for containing contaminated water.

140. In response to this news, trading in Barrick stock was halted on the NYSE for approximately three hours and Barrick's stock dropped from \$19.55 on May 23 to \$19.16 on May 24.

**Consequences Of Fraud Continue, Barrick Announces \$5.1 Billion Charge To Earnings And Indefinite Suspension Of The Project**

141. On Friday, June 28, 2013, the Company issued a press release detailing that it needed to take a substantial impairment of almost its entire investment into the project and that production had been pushed back again to mid-2016, from the previously revised expectation of late 2014:

The company has submitted a plan, subject to review by Chilean regulatory authorities, to construct the project's water management system in compliance with permit conditions for completion by the end of 2014.... Under this scenario, ore from Chile is expected to be available for processing by mid-2016.

As a result of recent and continued significant declines in gold and silver prices, and the delay in first gold production, Barrick is conducting impairment testing. Preliminary analysis indicates an after-tax asset impairment charge in the range of approximately \$4.5-\$5.5 billion in the second quarter for the Pascua-Lama project.

142. The media responded to news of this significant impairment immediately. A June 28, 2013 *Wall Street Journal* article titled "Barrick Gold Delays Production at Pascua Lama Mine, Sets Big Charge Output Will Be Delayed by at Least a Year and A Half; Charge May

Total \$5.5 Billion” noted that the Company was “postponing production at its giant Pascua Lama mine by at least a year and a half and said it will likely take an impairment charge of up to \$5.5 billion on the project.” The article further reported that “[w]hile further delay was expected, investors will be unhappy to hear the news given the ounces Barrick is expected to mine at Pascua Lama will add significant revenue at a key time for the beleaguered miner. Analyst estimates that the mine could account for as much as 11% of Barrick’s overall gold production once up and running.”

143. Barrick’s stock dropped from \$15.74 on June 28, 2013, to \$15.25 on July 1, 2013, a decline of approximately 3.1%, on heavy trading volume.

144. On August 2, 2013, as part of its second quarter 2013 results, the Company filed its Form 6-K with the SEC. In discussing its operations, the Company confirmed that the Pascua-Lama asset impairment charge would be \$5.1 billion, taken against the carrying value of the Pascua-Lama project. The Company further announced that this \$5.1 billion charge was just shy of the approximately \$5.4 billion that the Company had spent on the project, as of June 30, 2013.

145. In the same filing, the Company admitted that among the “indicators of impairment” were (i) a “decrease in our long-term gold and silver price assumptions in second quarter 2013”; (ii) “regulatory challenges to Pascua-Lama in May 2013”; and (iii) “schedule delays and associated capital expenditure increases.” Although Barrick’s disclosures suggested that these impairment indicators were new, the Company’s internal documents demonstrate that the regulatory challenges were imminent throughout the Class Period due to numerous violations of the agreed-upon environmental requirements. *See supra* ¶¶ 90-109. The schedule delays and capital expenditure increases were likewise old news; Barrick’s internal reports throughout the

Class Period demonstrated that the budget for Pascua-Lama was never properly calculated and Defendants knew it would continually be increasing. *See supra* ¶¶ 63-69, 75-83, 86-88.

Defendants had simply concealed these factors, *see infra* ¶ 174-188, and delayed the impairment that was a long time coming.

146. In the same filing, the Company updated the market on the status of the retirement of Defendant Gonzales, as first revealed on February 15, 2013. Specifically, the Company announced that just 15 months after he was promoted to COO, from his prior role as Barrick's President of South America region, "Our Chief Operating Officer, Igor Gonzales, retired in the second quarter and the company is in the process of a global search to fill this position."

147. Having disclosed the potential impairment of the investment in Pascua-Lama in June 2013, analysts reacted favorably to the absence of any impairment charge in the August filing. Analysts assumed that Pascua-Lama would still proceed, even on a delayed schedule, and permit the Company to continue to service its debt. For example, an August 2, 2013 analyst report from Cormark concluded:

Barrick delaying the start-up of Pascua-Lama came at a time when some investors were speculating that the project would be shelved entirely. We continue to believe this is a low-probability event because despite the pressure construction at Pascua will put on Barrick's balance sheet, the resulting cash flows from Pascua once up and running are the key to easing that balance sheet pressure and driving Barrick's longer-term production growth. If the project were shelved, Barrick's declining production profile at many of its other mines will make it very difficult to repay the company's significant debt burden.

Analysts and investors would soon learn, however, that Defendants could not follow through with Pascua-Lama. The Project had never been feasible within the budget and timeline Barrick had touted.

**The Truth Was Fully Revealed—  
Indefinite Suspension Of Pascua-Lama And Liquidity Crisis**

148. The risks that Defendants had concealed since May 2009 fully materialized on October 31, 2013, less than three months after the Company disclosed the \$5.1 billion impairment charge. That day, Defendants announced that it would not pursue construction at Pascua-Lama upon environmental approval, but instead was indefinitely suspending construction at Pascua-Lama, except for activities required for environmental protection and regulatory compliance.

149. Later that day, *Reuters*, in an article titled “Barrick to shelve Pascua-Lama, issue shares to cut debt,” reported that the indefinite suspension was “a surprise reversal on a project that has already cost the world’s largest gold producer more than \$5 billion.” An October 31, 2013 *Forbes* article reported that the “decision to suspend construction of its high-profiled Pascua-Lama project garnered most of the focus during the company’s conference call after releasing its third-quarter earnings earlier in the morning.”

150. On this news, Barrick’s stock suffered a severe blow. It dropped from \$20.50 on October 30, to \$19.39 on October 31, a decline of approximately 5.4%.

151. The next day, the slide continued; Barrick’s stock dropped from \$19.39 on October 31, 2013, to \$18.01 on November 1, 2103, a decline of approximately 7.1%.

**E. Defendants Concealed Barrick’s Ineffective Internal Controls  
And Pascua-Lama’s Impairment Risk**

152. Throughout the Class Period, Defendants knew or recklessly disregarded that Barrick internal controls were ineffective. As detailed herein, Pascua-Lama Managers and Barrick’s internal documents demonstrate that from the outset of the Project, Pascua-Lama suffered from control deficiencies, including: “[i]naccurate reporting of deliverables/failure to adequately monitor progress”; “[n]o formal systems in place for scope/change management”;



*“[s]ignificant inaccuracies, omissions and inconsistencies in monthly reports”; “cost [m]anagement [p]rocess weaknesses and inaccurate reporting”; and “[r]isk [m]anagement [p]rocess weaknesses contributing to inaccurate reporting.”* These deficiencies compromised Defendants’ ability to accurately report financial data related to Pascua-Lama, such as costs, budget, and timeline. These control deficiencies further prevented Defendants from properly reporting impairment indicators for Pascua-Lama or properly determining to capitalize the Project’s costs as an asset.

153. In the face of these unmitigated and undisclosed control weaknesses, which resulted in a material weakness in Barrick’s internal controls, Defendants made statements and issued statutorily required certifications as to the effectiveness of Barrick’s internal controls. These statements were false. Defendants concealed that the reported costs, timelines, and required impairment analyses for the Project were inherently flawed and unreliable because of these material weaknesses. Ultimately, Defendants were required to take an impairment charge of \$5.1 billion against earnings, nearly the entirety of Barrick’s investment in the Project.

#### **1. Defendants’ Internal Control Obligations**

154. Internal control is a process, effected by an entity’s board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives, including (i) effectiveness and efficiency of operations; (ii) reliability of financial reporting and disclosures; and (iii) compliance with applicable laws and regulations. *See* Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) “Internal Control Integrated Framework,” Ch. 1 “Definitions.”

155. Under the Sarbanes-Oxley Act of 2002 (“SOX”) §§ 302 and 404, Defendants Regent, Sokalsky, and Al-Joundi were obligated to certify in each annual report that the Company had effective internal controls during the reporting period in question and that

Company's financials are fairly presented in the reports filed with the SEC. Defendants Regent Sokalsky, and Al-Joundi were further obligated to report any significant changes to Barrick's internal controls and any other factors that could impact the Company's internal controls.

**(a) Defendants' SOX 404 Obligations**

156. SOX 404, along with SOX 302 (discussed below), works to bring information about material weaknesses in internal controls into public view. Effective Internal Controls can prevent misstatements and act as an early warning system of potential misstatements. To that end, SOX 404 required Defendants Regent, Sokalsky, and Al-Joundi to establish, document, and maintain Internal Controls, and express a formal opinion on them. Consistent with SOX 404, these Defendants were responsible for assessing the effectiveness of Barrick's Internal Controls as of the year-end of each period during the Class Period.

157. In evaluating the effectiveness of Internal Controls, Defendants Regent, Sokalsky, and Al-Joundi should have considered: (i) the design of the Company's internal controls, and (ii) the operation of the Company's internal controls.

158. An evaluation of Internal Controls begins with the identification and assessment of the risks to reliable financial reporting. While undertaking this analysis, Defendants were required to consider the sources and potential likelihood of misstatements occurring within Barrick's financial statements, including more extensive testing in high-risk areas. According to SEC Release No. 33-8810, for entities with multiple locations, such as Barrick, management must evaluate evidence that Internal Controls are operating in each location. As with high risk accounting areas, management's review must be tailored to address locations with higher risk characteristics.

159. If management is aware, or determines, that a control is not designed or operating effectively, a deficiency exists that must be evaluated. A control deficiency exists when the

design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. Defendants were required to assess any control deficiencies to determine whether a material weakness was present within Barrick's Internal Controls. Defendants could not certify that Barrick's internal controls were effective if there was a single material weakness, and any material weakness requires disclosure of the nature of the deficiency in management's SOX 404 report.

**(b) Defendants' SOX 302 Obligations**

160. In particular, SOX 302 requires the CEO and CFO each to certify the financial and other information contained in the Company's quarterly and annual reports to attest that:

[T]hey are responsible for establishing, maintaining and regularly evaluating the effectiveness of, the issuer's internal controls;

[T]hey have made certain disclosures to the issuer's auditors and the audit committee of the board of directors about the issuer's internal controls; and

[T]hey have included information in the issuer's quarterly and annual reports about their evaluation and whether there have been significant changes in the issuer's internal controls or in other factors that could significantly affect internal controls subsequent to the evaluation.

SEC Release No. 33-8124, *Certification of Disclosure in Companies' Quarterly and Annual Reports* § I

161. The SOX 302 certification addresses whether the financial statements and financial information are "fairly present[ed]." Defendants' certifications under SOX 302 include management's discussion and analysis (MD&A) of financial condition and results of operation. According to SEC Release 33-8124, § II.B.3, the SEC's view was that fair presentation:

[E]ncompasses the selection of appropriate accounting policies, proper application of appropriate accounting policies, disclosure of

financial information that is informative and reasonably reflects the underlying transactions and events and the *inclusion of any additional disclosure necessary to provide investors with a materially accurate and complete picture* of an issuer's financial condition, results of operations and cash flows.

162. According to SEC Staff Accounting Bulletin (SAB) No. 99, *Materiality*, a fact is material if there is “a substantial likelihood that the...fact would have been viewed by the reasonable investor as having significantly altered the ‘total mix’ of information made available.” Thus, Defendants were required to disclose any material deterioration of Barrick’s internal controls.

163. Similarly, if Defendants identified a material weakness in Barrick’s internal control over financial reporting, they were required to disclose the material weakness. A *material weakness* is an internal controls deficiency, or a combination of deficiencies, such that there is *a reasonable possibility that a material misstatement of the registrant’s annual or interim financial statements will not be prevented or detected on a timely basis*. Among the circumstances the SEC has identified as “strong indicators” of a material weakness, is “[f]or complex entities in highly regulated industries, [such as Barrick,] an ineffective regulatory compliance function.” As evidenced by numerous internal reports generated at Barrick during the Class Period, the Company was continually in violation of its environmental compliance commitments at Pascua-Lama, and thus had an ineffective regulatory compliance function.

164. Likewise, if Defendants identified a significant deficiency that, when combined with other significant deficiencies, is determined to be a material weakness, they should have disclosed it. According to the SEC, Release No. 33-8829, a *significant deficiency* is “a deficiency, or a combination of deficiencies, in [Internal Controls] that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the registrant’s financial reporting.” Barrick’s ineffective regulatory compliance function at

Pascua-Lama, in conjunction with the additional control deficiencies at Pascua-Lama, resulted in inaccurate reports of the costs, budget, and timeline for completing the Project. These control deficiencies further prevented Defendants from properly reporting impairment indicators for Pascua-Lama or properly determining to capitalize the Project's costs as an asset.

165. In evaluating Barrick's internal controls, Defendants were required to conduct an appropriate evaluation. In doing so, the SEC required that their evaluation focus on "areas of weakness or continuing concern." This is because the evaluation must identify potential weaknesses and deficiencies in advance of a system breakdown, thereby ensuring the timely flow of information, ultimately, to investors. Here, Barrick's Pascua-Lama managers and internal documents pointed out Project weaknesses and deficiencies, including the unachievability of the Project within the budget and timeframe disclosed (§§ 63-69, 86-109), the failure to adhere to the Chilean and Argentinian governments' environmental impact assessments [EIAs] (§§ 90-109), and a weak risk management process and incomplete program plan (§ 80). These Pascua-Lama control issues, which resulted in a material weakness in the Company's internal controls, were concealed from shareholders by Defendants, who likewise failed to conduct an appropriate evaluation to identify the material weakness in Barrick's internal controls and to transmit that information to shareholders (*see infra* §§ 166-172).

**(c) Defendants Failed To Disclose That Barrick's Internal Controls Were Ineffective**

166. Pursuant to its evaluation of its Internal Controls, Barrick's management asserted:

Barrick's management is responsible for establishing and maintaining adequate internal control over financial reporting. Barrick's management assessed the effectiveness of the company's internal control over financial reporting . . . . Barrick's Management used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework to evaluate the effectiveness of Barrick's internal control over financial reporting.

Based on Barrick management's assessment, Barrick's internal control over financial reporting is effective . . . .

*See* Barrick 2009 Form 40-F, Ex. 99.2; 2010 Form 40-F, Ex. 99.2; 2011 Form 40-F, Ex. 99.2; 2012 Form 40-F, Ex. 99.2.

167. As set forth in Exhibit A, along with the Company's interim financial statements disseminated during the Class Period, Defendants also published and filed with the Ontario Securities Commission Certifications of Interim Filings (the "Interim Certifications"), asserting that "based on [their] knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings." The Interim Certifications further attested that Barrick's interim financial reports "fairly present[ed] in all material respect the financial condition, financial performance and cash flows of [Barrick]." These Certifications also set forth the signatory's responsibility "for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR)" and attested that the signatory designed or supervised the design of Barrick's internal controls.

168. Defendants' internal control certifications were materially false and misleading because they concealed that throughout the Class Period the Company's internal controls had a material weakness, as a result of the numerous control deficiencies at Pascua-Lama, which created a "reasonable possibility of a material misstatement" with respect to Defendants' statements about Pascua-Lama in the Company's SEC filings.

169. For example, the July 2011 Monthly Progress Report for Pascua-Lama identified the following control deficiencies at Pascua-Lama that created the reasonable probability of a material misstatement:

- Significant inaccuracies, omissions, and inconsistencies in monthly reports
- Program management framework not fully established at outset of project
- Cost management process weaknesses and inaccurate reporting
- Program plans incomplete
- Program plans not consistently updated
- Risk management process weaknesses contributing to inaccurate reporting
- Earned value management system not established
- Inadequate control over invoiced time and expenses

170. The July 2011 Progress Report's conclusion that the Company had not fully established the project management framework at Pascua-Lama at the outset of the project evidences that Defendants failed to establish effective operational controls for Pascua-Lama in 2009 when the Company announced its decision to go forward with the Project. From at least that point forward, as confirmed by additional internal reports, Defendants' disclosures about Pascua-Lama suffered from the reasonable possibility of a material misstatement.

171. The Company's July 2011 Risk Exposure Report concluded that Barrick's controls at Pascua-Lama suffered from "[i]naccurate reporting of deliverables/failure to adequately monitor progress; [n]o formal system(s) in place for scope/change management." The September 2011 and January 2012 Monthly Progress Reports for Pascua-Lama identified the same problems identified in the July Monthly Progress Report, including "[s]ignificant inaccuracies, omissions and inconsistencies in monthly reports"; "[c]ost [m]anagement [p]rocess weaknesses and inaccurate reporting"; and "[r]isk [m]anagement [] process weaknesses contributing to inaccurate reporting."

172. These reports stated conclusively that the Pascua-Lama monthly reports to management contained “inaccuracies, omissions and inconsistencies” and that cost and risk management weaknesses were contributing to “*inaccurate reporting*.” In light of such definitive statements, Defendants could not have evaluated Barrick’s internal controls without concluding that there was “a reasonable possibility” of a “material misstatement” related to Pascua-Lama disclosures, particularly related to the Project’s *cost* and *risks*, such as the violation of the Company’s environmental mandates, and the corollary impairment indicators. Thus, Defendants’ internal controls certifications throughout the Class Period were materially misleading because they concealed a material weakness in Barrick’s internal controls.

173. Indeed, the materialization of unmitigated and undisclosed cost and risk control deficiencies related to Barrick’s failure to comply with its water management obligations resulted in a \$5.1 billion impairment and, ultimately, the suspension of the mine.

## **2. Barrick’s Impairment Analysis Obligations**

174. From May 7, 2009 through January 1, 2010, Barrick applied U.S. Generally Accepted Accounting Principles (“GAAP”) to its financial statements. In 1Q 2011, Barrick adopted International Financial Reporting Standards (“IFRS”), which the Company applied retroactively to its accounting as of January 1, 2010.

175. Barrick’s financial statements filed during the Class Period under GAAP should have been prepared in accordance with Financial Accounting Standards Board (“FASB”) 360-10-35 “Subsequent Measurement,” which addresses how companies should account for the depreciation of property, plant, and equipment, among other things. FASB 360-10-35-1. Under that standard, “[a] long-lived asset . . . shall be tested for recoverability whenever events or changes in circumstance indicate that [the asset’s] carrying amount may not be recoverable.” *Id.* 35-21. The rule provides several examples of indicators of impairment, including: (i) “[a]



significant change in legal factors or in the business climate that could affect the value of a long-lived asset”; and (ii) “[a]n accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the long-lived asset.” *Id.*

176. Barrick’s financial statements filed during the Class Period under IFRS should have been prepared in accordance with International Accounting Standards (“IAS”). IAS 36 dictates when a company is required to analyze the impairment of an asset. An asset is impaired when its carrying amount exceeds its recoverable amount. Under IAS 36 (¶ 12), a company is required to make a formal estimate of recoverable amount if any of the following indications are present:

External sources of information

(a) there are observable indications that the asset’s value has declined during the period significantly more than would be expected as a result of the passage of time or normal use.

(b) *significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.*

\* \* \*

Internal sources of information

\* \* \*

(f) *significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. . . .*

(g) *evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.*

177. These factors are not exhaustive. IAS 36 (¶ 13) further prescribes that “indications that an asset may be impaired and these would also require the entity to determine

the asset's recoverable amount." For example, "[e]vidence from internal reporting that indicates that an asset may be impaired includes the existence of:

- (a) cash flows for acquiring the asset, or subsequent cash needs for operating or maintaining it, that are significantly higher than those originally budgeted;
- (b) actual net cash flows or operating profit or loss flowing from the asset that are significantly worse than those budgeted;
- (c) a significant decline in budgeted net cash flows or operating profit, or a significant increase in budgeted loss, flowing from the asset; or
- (d) operating losses or net cash outflows for the asset, when current period amounts are aggregated with budgeted amounts for the future.

*Id.* at ¶ 14.

178. Moreover, "[i]rrespective of whether there is any indication of impairment," public companies must test "an intangible asset with an indefinite useful life or an intangible asset not yet available for use[, such as Pascua-Lama,] for impairment annually by comparing its carrying amount with its recoverable amount."

### **3. Defendants Concealed That They Could Not Adequately Evaluate Pascua-Lama's Impairment**

179. On August 2, 2013, when Barrick filed with the SEC a Form 6-K reporting its 2Q 2013 financial results, Defendants announced a \$5.1 billion write-down against the \$5.4 billion that the Company had invested in Pascua-Lama thus far. Barrick's Form 6-K attributed the impairment to: (i) a "decrease in our long-term gold and silver price assumptions in second quarter 2013"; (ii) "regulatory challenges to Pascua-Lama in May 2013"; and (iii) "schedule delays and associated capital expenditure increases." *See supra* ¶ 145.

180. In its Form 6-K, the Company also described what led to the testing for impairment and the end result:

Non-current assets are tested for impairment when events or changes in circumstances suggest that the carrying amount may not be recoverable. In second quarter 2013, we determined there were potential indicators of impairment as noted above.

\* \* \*

As a result of this assessment, we have recorded an impairment charge of \$5.2 billion, pre-tax, related to the carrying value of the PP&E at Pascua-Lama in the second quarter of 2013.

181. While Defendants also attributed the impairment to the determination “[i]n second quarter 2013,” that “there were potential indicators of impairment,” Defendants failed to disclose that (i) several of these indicators had existed throughout the Class Period; (ii) that the Company had failed to disclose those indicators and failed to conduct a proper impairment analysis when those indicators arose; and (iii) additional impairment indicators could have existed at Pascua-Lama prior to 2013, but a material weakness in the Company’s internal controls compromised Defendants’ ability to assess Pascua-Lama’s impairment indicators. *See supra* ¶¶ 75-88, 90-109.

182. For example, as discussed *supra* ¶ 90, according to the Project Manager, Barrick was not in compliance by no later than April 2010 with certain EIA requirements relating to water management and dust suppression to protect the glaciers. Additionally, according to the Operations Manager, Barrick deviated from its EIA-compliant water canal plans without government approval during the first quarter of 2011 to cut costs. The Operations Manager drafted three reports documenting the risks related to Barrick’s noncompliance with the EIA, but the Company continued with its noncompliant construction.

183. In July 2011 (and later in September 2011), the Company’s internal Pascua-Lama Monthly Progress Report concluded that the Company was at risk “of not meeting the commitment to have the water management system fully operational before the start of prestripping”; “[t]his is a key commitment emphatically stated in the project’s environmental

approval. The Authority polls indicate that there is no possibility of postponing its execution. If it begins to overload and sterile removal of the mine, *the project will be in grave danger of being paralyzed.*” See *supra* ¶ 94.

184. In other words, at that time Pascua-Lama was at risk that “significant changes with an adverse effect on the entity . . . will take place in the near future, in the . . . legal environment in which the entity operates,” but the Company concealed that impairment indicator and failed to conduct the requisite impairment analysis.

185. Later, when the Company updated its Pascua-Lama forecast, *i.e.*, determined that “subsequent cash needs for operating or maintaining [Pascua-Lama] . . . [were] significantly higher than those originally budgeted,” the T&T Report concluded that the new 2011 forecast, which was 66% higher than the original estimate, was based on “methodology, in our opinion, d[id] not adhere to general estimating principles,” and “the estimate to no longer conform[s] to the requirements of a standard Class III estimate.” Defendants disclosed the flawed estimate of \$4.7-\$5 billion to the market on July 28, 2011, even though it was improperly based on the original evaluations and made linear adjustments without re-assessing known issues, such as environmental non-compliance.

186. Barrick’s continual environmental violations and flawed accounting and reporting for Pascua-Lama gave rise to impairment indicators under GAAP and IFRS accounting standards, including “[a] significant change in legal factors or in the business climate that could affect the value of a long-lived asset” (FASB 35-21); “[a]n accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the long-lived asset” (*id.*); “significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal

environment in which the entity operates or in the market to which an asset is dedicated” (IAS 36 (¶ 12)); and “evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected” (*id.*).

187. Defendants thus delayed disclosing significant impairment indicators on the expensive project until August 2013 when it had no choice but to do so. *See supra* ¶¶ 144-145.

188. Upon the revelation of the truth, Barrick’s false financial condition was revealed, leading the market to question its ability to service its debts and satisfy its operating expenses.

#### **4. Defendants’ Improper Accounting For Pascua-Lama’s Capital Costs**

189. Throughout the Class Period, Defendants recorded Pascua-Lama’s carrying value as an asset on Barrick’s balance sheet, thereby artificially inflating the Company’s reported net income and earnings per share (“EPS”) based, in part, on that carrying value. Whether the Project’s costs may be capitalized and reported as an asset on a reporting issuer’s balance sheet depends on whether the costs of developing the asset may be capitalized under the applicable accounting standards.

190. From May 7, 2009 through January 1, 2010, Barrick applied U.S. Generally Accepted Accounting Principles (“GAAP”) to its financial statements. In 1Q 2011, Barrick adopted International Financial Reporting Standards (“IFRS”), which the Company applied retroactively to its accounting as of January 1, 2010. Under GAAP, a project such as Pascua-Lama must qualify as an asset in order for Barrick to capitalize the costs associated with that Project. To qualify as an asset under GAAP, the project must have a “probable future benefit that involves a capacity, singularly or in combination with other assets, to contribute directly or indirectly to future net cash inflows.” CON 6 “Elements of Financial Statements” ¶ 26.

Likewise, to qualify as an asset under IFRS, a project must have the “potential to contribute, directly or indirectly, to the flow of cash and cash equivalents to the entity.” International

Accounting Standards Board (“IASB”), Conceptual Framework for Reporting ¶ 4.8. To recognize an asset on an entity’s balance sheet under IFRS, it must be “probably that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.” *Id.* ¶ 4.44.

191. Throughout the Class Period, Defendants were aware that Pascua-Lama was not economically feasible given the size of the Project, the inherent logistical challenges of the Project, and the applicable and necessary environmental commitments. As detailed above, the following factors undermined any possibility-let alone probability-that Pascua-Lama would generate future economic benefits in excess of the costs of the Project: (i) Barrick’s managers at Pascua-Lama knew immediately that Barrick’s stated budget and timeline were unrealistic and impossible; (ii) internal reports generated throughout the Class Period demonstrated that the Company did not have a reliable or accurate basis for its publicly reported budget and timeline for Pascua-Lama-*i.e.*, the factors that rendered the Project feasible; (iii) contrary to Defendants’ public statements, they had not properly accounted and planned for the logistical challenges presented by Pascua-Lama’s unique conditions; and (iv) the Company agreed to necessary, but onerous, environmental obligations.

192. Under both GAAP and IFRS accounting standards, because Pascua-Lama was unlikely to generate future economic benefits to Barrick, the Company should not have calculated the Project as an asset on its balance sheet. Instead, the Project expenses should have been expensed as costs when incurred. Accordingly, Barrick’s net income and EPS should likewise have been reduced by the amount of the capitalized expenditures associated with Pascua-Lama. Alternatively, Barrick should have taken an impairment against the carrying value

of Pascua-Lama because the fair value of the Project's future benefit, which was zero, was less than the carrying amount of the Project.

**5. Defendants' Concealment Related To Pascua-Lama Allowed Barrick To Maintain Much Needed Outside Funding**

193. Throughout the Class Period, Defendants' concealment of problems at Pascua-Lama (and delayed impairment charges) also allowed Defendants to obtain much needed financing for Barrick to continue its operations, bolster cash flow, and supplement increased spending on expensive "growth projects" like Pascua-Lama-the Company's most expensive Project at the time.

194. First, the Company contracted with Silver Wheaton to sell 25% of the silver production from the Pascua-Lama Project, as well as production from certain other Barrick operations, in exchange for \$625 million over three years plus the lesser of \$3.90 or the market price per ounce of silver, provided Barrick guaranteed that it would complete at least 75% of design capacity at the Project by December 31, 2015.

195. As part of the terms related to the Silver Wheaton deal, if Barrick "fail[ed] to satisfy the requirements of the completion guarantee, the agreement [could] be terminated by Silver Wheaton." September 8, 2009 Silver Wheaton Press Release. In other words, if Pascua-Lama was not completed on schedule, Barrick's financing from Silver Wheaton would be jeopardized, and the Company would have to provide Silver Wheaton silver from other mines-reducing the revenues the Company otherwise would have generated from existing mines.

196. In addition, throughout the Class Period, between 2009 and 2012, the Company issued more than \$7 billion in debt. Toward the end of 2011 and throughout 2012, revenues sank and operations costs increased, especially at Pascua-Lama, and the Company became more reliant on this financing to continue its operations.

## V. ADDITIONAL ALLEGATIONS OF SCIENTER

197. Numerous facts previously alleged in this Complaint establish that Defendants' false and misleading statements and omissions were fraudulent, including (i) Defendants' repeated statements that Pascua-Lama was a world class low-cost gold mine that would be a major contributor to the Company's ongoing success, while failing to reveal that the Pascua-Lama project was unachievable in the timeframe or budget disclosed; and (ii) Defendants' commitment to environmental compliance and acknowledgments of the environmental sensitivities related to Pascua-Lama's success, while concealing that project cost and delay concerns would trump the Company's adherence to its environmental obligations; (iii) Defendants' repeated statements concerning Barrick's financial condition and the viability of the Project, as well as its non-impairment; (iv) Defendant Regent, Sokalsky, and Al-Joundi's repeated certification of the existence and effectiveness of Barrick's internal controls and Defendants' statements concerning the same. In addition to the allegations above, the following allegations establish that Defendants' false and misleading statements and omissions were fraudulent:

### **1. The Material Significance Of The Pascua-Lama Project Supports A Strong Inference Of Scienter**

#### **(a) Pascua-Lama Was Central To Barrick's Core Operations During The Class Period**

198. Each of the Individual Defendants was a senior executive involved in Barrick's daily operations with access to all material information regarding the Company's core operations. Each of the Individual Defendants is presumed to have knowledge of all material facts regarding Barrick's core business. Pascua-Lama was central to Barrick's core business as evidenced by the Company's multi-billion-dollar investment in the Project and Defendants'



frequent updates on the Project, including assertions of environmental controls being in place to ensure the Project's success.

199. Pascua-Lama was a cornerstone of Barrick's future growth. Defendants' attention was focused on Pascua-Lama as one of the world's largest low-cost gold mines, and one which: (i) would eventually be the source of at least 9% of Barrick's annual gold production and approximately 13% of Barrick's worldwide gold reserves; (ii) was expected to generate about \$1.65 billion of EBITDA to the Company and to have a 25-year-plus mine life that "will be major contributor[] to the Company well into the future" (1Q 2012 Earnings Call); and (iii) "should ultimately prove to be one of [Barrick's] largest and lowest cost mine[s] once in operation" (May 8, 2009 Cormark Analyst Report).

**(b) Defendants Emphasized Pascua-Lama's  
Material Significance To The Company**

200. Defendants' own statements demonstrate the material significance of Pascua-Lama to Barrick and Defendants' focus on this Project as a result. The Company described Pascua-Lama as a "flagship" project and a "key priority" that had management's full attention before, and throughout, the Class Period:

- January 16, 2009 ("Barrick Gold Conf. Call to Introduce new President & CEO to the Investment Community"): Regent stated, "We have three major projects underway right now, and my plan is to sit down and get a full debrief from each of our project teams to ensure that those *projects are on track and that we're going to deliver them on time, on budget*. And that also includes *Pascua-Lama, which is a very important project* and one where we will... look into and see how we might be able to advance. *I'm going to be spending a significant amount of time with the team on that project as well.*"
- May 7, 2009 ("Barrick Gold update on the Pascua-Lama project Conference Call"): Regent provided a detailed update "on *this world-class project that will contribute low-cost ounces at double digit returns to Barrick*" after confirming "*I have been down to South America many times in the past few months*";

- June 20, 2009: Regent described the Pascua-Lama Project as “a *low-cost, long-life project which is expected to have a significant impact on [Barrick’s] future production*, cash, costs, and earnings”;
- October 29, 2010 (3Q 2010): The Company represented that “[b]eyond 2010, we are targeting to increase our annual gold production to 9 million ounces within the next five years. *The Significant drivers of this production growth include our [] Pascua-Lama project[] . . .*”
- February 18, 2011 (4Q 2011): The Company represented that its “world-class [] Pascua-Lama project[]” was advancing, and that Pascua-Lama “continue[d] to have very strong economics.”
- February 16, 2012: (Q4 2011 Earnings Call): Regent touted the EBITDA contribution from Pascua-Lama as “about \$1.65 billion per year,” making it and [another mine] “very attractive and robust mines [that] will be *major contributors to the Company for some years to come.*”;
- July 26, 2012 (Q2 2012 Earnings Call): Incoming CEO Sokalsky confirmed that Pascua-Lama “is the *number one priority* for me and my team, and we are *100% focused on delivering on this project*”; “There is *absolutely no doubt that Pascua-Lama is going to be one of the world’s great gold and silver mines*”; and “I can’t emphasize it enough, *Pascua-Lama is my top priority.*”;
- November 1, 2012 (3Q 2012 Earnings Call): Sokalsky stated: “I was just *down at the site again a couple of weeks ago, along with other Senior Members of our leadership team.* And that’s my third time in about five months actually at site... Pascua-Lama is *our top priority....*”; and
- March 26, 2013 (2012 Annual Report): The Company represented PascuaLama as “*our flagship [] project*” as one which “will be one of the *world’s truly great gold mines* with an anticipated mine life of 25 years.”

201. Pascua-Lama’s importance to the Company was further emphasized by the resources Barrick devoted to the Project. For example, in 2009, the Company spent \$202 million on capital expenditures at Pascua-Lama. In 2010, Barrick spent \$724 million in capital expenditures to develop its Pascua-Lama Project, more than 50% of its total project capital expenditures for the year and far more than for any other Barrick project. In 2011, the Company spent \$1.1 billion on Pascua-Lama, more than twice its expenditures on any of the other projects and nearly 65% of its total project capital expenditures. In 2012, Barrick continued its

disproportionate investment in Pascua-Lama, spending \$1.8 billion, or more than 80%, out of its \$2.2 billion total project capital expenditures that year.

**(c) Analysts' And Market Focus On Pascua-Lama Establishes Its Material Significance**

202. Throughout the Class Period and before, Barrick successfully focused analysts and the market at large on its “flagship” Project, prompting one analyst to describe Pascua-Lama as “a bellwether project for [Barrick],” even before environmental approvals were complete (Morgan Stanley 2.20.09). When Barrick did finally announce on May 7, 2009, that it had received the necessary environmental impact approvals to proceed with the Project, analysts were enthusiastic. On May 8, 2009, a J.P. Morgan analyst reported that Pascua-Lama was a “*key project in Barrick’s pipeline.*” Likewise, a May 8, 2009 Cormark analyst report stated:

*The decision is highly significant as the project is carried on Barrick’s books at a value of \$777 MM, accounts for 13% of the Company’s proven & probable gold reserves, and should ultimately prove to be one of its largest and lowest cost mine[s] once in operation. As the Company’s best development-stage asset at present, the go ahead decision at Pascua is a major milestone for Barrick as the project has navigated its way through countless challenges . . . . As a result, many investors have been highly skeptical of the gold miner[’]s ability to ever get to the construction decision stage at Pascua, and as the best project in Barrick’s pipeline, it is very significant that this overhang has been removed.*

203. Analysts continued to track the progress of Pascua-Lama throughout the Class Period. In 2010, analysts were hopeful and excited by the Project’s long term benefits. For example, according to an April 22, 2010 RBC Capital Markets analyst report, Pascua-Lama, along with two other mines, was “expected to contribute to new low cost production that replace declining higher cost mines in 2010 to 2014.” Likewise, an April 29, 2010 Cormark analyst report stated that “projects such as Cortez Hills, Pascua Lama and Pueblo Viejo (60% ABX) [were] critical to the long-term momentum.”

204. In 2011 and 2012, analyst enthusiasm for this project was replaced with growing concerns of disclosed cost overruns. A July 29, 2011 TD Newcrest analyst report commented that “[we] believe that the significant increases in capital costs for the company’s two largest development projects cast a pall over the results. While we understand that cost inflation is a challenge across the mining industry, we are less sanguine about the increase in Pascua Lama capex related to additional materials required (*i.e.*, more concrete, steel, and fuel) than originally budgeted . . . .” Despite these significant increases in capital costs, analysts still believed the Company’s affirmations that Pascua-Lama was a world class project that would be a major contributor to Barrick for some years to come: “Barrick admitted that it now expects capex for the Pascua project, (currently in construction on the border of Chile and Argentina), to have increased by 50-60% to [\$8 billion]. *After factoring this in, despite a reduction in our valuation, we continue to believe Pascua is one of the most attractive gold projects.*” (7.27.12 HSBC Global Research).

205. After the Company’s financial condition took a turn for the worse in 2012, analysts in 2013 started to look to Pascua-Lama as evidence that the Company could turn itself around. On January 18, 2013, a TD Securities analyst report noted that Barrick could have a “much better year in 2013” if it could “[d]emonstrate that the Pascua-Lama project is back on track and can be delivered within the new budget range and schedule.” A January 30, 2013 RBC Capital Markets analyst report likewise emphasized that Barrick needed to resolve the “uncertainty surrounding Pascua Lama capex escalation” to restore investor confidence and improve its share price. A February 13, 2013 RBC Capital Markets analyst report forecast negative 2013 free cash flow turning positive in 2014 “as Pascua-Lama capex declines and Pueblo Viejo and Jabil Sayid [mines] contribute.” The report further noted that “[w]e believe the

market expects a confirmation of the \$8.0-\$8.5 billion capex estimate for Pascua-Lama, and an amount significantly higher than this could be negative for shares.” In other words, despite a number of revelations concerning the true costs and time frame for the Project and its environmental failures, analysts continued to rely on Defendants’ false statements that Barrick could deliver Pascua-Lama within its revised estimated capex range and schedule.

206. When Barrick finally announced on April 10, 2013 that it was suspending construction on the Chilean side of Pascua-Lama while the Company worked to resolve environmental and other regulatory requirements, the Company’s share price dropped 8.4% on a trading volume of more than 40 million shares. Then, on April 24, 2013, Moody’s Investor Service downgraded the senior unsecured debt ratings of Barrick from Baa1 to Baa2 and modified its outlook from “stable” to “negative,” citing the Chilean government’s injunction to halt construction at Pascua-Lama. Just two days later, on April 26, 2013, Standard & Poor’s Rating Service downgraded Barrick’s long-term corporate credit rating from BBB+ to BBB, also citing the preliminary injunction halting construction at Pascua-Lama. The significance of Pascua-Lama’s success to Barrick could not have been clearer.

## **VI. LOSS CAUSATION**

207. Throughout the Class Period, as detailed herein, Defendants engaged in a course of conduct that artificially inflated the trading price of Barrick’s common stock by making materially incomplete, false and misleading statements and omissions. As detailed above, Defendants concealed the following true facts: (a) Defendants knew or recklessly disregarded before the start of construction on the Pascua-Lama Project that the costs of bringing the Project into production far exceeded any of Barrick’s public estimates (information that was reconfirmed to Defendants throughout the Class Period); (b) Defendants knew or recklessly disregarded that the Pascua-Lama Project could not come into production within any of Barrick’s various public

production dates; (c) at least as early as 2010, Defendants knew or recklessly disregarded that the Pascua-Lama project was not in compliance with key elements of its environmental protection program, imperiling the survival of the entire Project; and (d) as a result of the foregoing, Defendants lacked a reasonable basis for their statements regarding the cost, timing, and production estimates for the Pascua-Lama Project, the Company's compliance with environmental rules and regulations, and the capital expenditures and earnings guidance. Defendants further fraudulently concealed that Barrick's internal controls were ineffective and the Company's true financial condition and the viability of the Project, as well as its non-impairment.

208. Defendants' false and misleading statements and omissions had the intended effect of concealing the full truth from the market and keeping the Company's stock price artificially inflated throughout the Class Period. Indeed, Defendants' false and misleading statements and omissions caused, or were a substantial contributing cause, of Barrick's common stock trading at artificially inflated levels, reaching as high as \$55.95 per share<sup>3</sup> during the Class Period.

209. When the truth that Defendants concealed through their materially false and misleading statements and omissions began to emerge, the price of Barrick common stock declined precipitously as the artificial inflation was removed. As a result of their purchases of Barrick common stock at artificially inflated prices during the Class Period, Lead Plaintiffs and other members of the Class suffered a substantial economic loss (*i.e.*, damages under the federal securities laws) as the truth was revealed. For the purposes of alleging loss causation, the price decline in Barrick common stock, as detailed herein, was the direct result of the nature and extent

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<sup>3</sup> Intra-day trading price for Barrick stock on September 8, 2011.

of Defendants' materially false and misleading statements and omissions being revealed to investors and the market, as follows:

**A. June 6, 2012 Disclosure**

210. The truth about operations for the Pascua-Lama Project began to unfold prior to the market open on June 6, 2012, when the Company issued a press release announcing that Aaron Regent ("Regent") was terminated and was being replaced by then-current CFO Jamie Sokalsky ("Sokalsky") as Barrick's new CEO, effective immediately. The Company provided scant details on the reason for the abrupt and surprising decision other than Barrick's founder stating disappointment with the Company's share price performance. Regent's firing, however, was a signal that the Company under his leadership was unable to get a handle on, among other things, capital expenditures and production deadlines for the Pascua-Lama Project. Though attributed to inflationary pressures, rather than Defendants' concealment of the true costs for the project, *Bloomberg* reported in an article titled "Barrick Ousts CEO After Being Disappointed by Share Price":

Still, like other gold-mining CEOs, Regent faced escalating production costs. In July, Barrick raised the estimated price tag of its Pascua-Lama gold and silver project on the Chile- Argentina border by \$1.4 billion to a range of \$4.7 billion to \$5 billion. The company said last month it was reviewing the cost estimates again because of wage and raw-materials inflation. Production at the mine is scheduled to start in mid-2013.

211. Similarly, an analyst from Stifel Nicolaus & Co interviewed by the *Financial Post* proposed in an article titled "Barrick Ousts CEO in Major Shakeup" that one explanation for replacing Regent was "problems with the giant Pascua-Lama Project."

212. Barrick's common stock dropped from \$42.05 on June 5, 2012, to \$40.45 on June 6, 2012, a decline of approximately 3.8%. Trading volume was 19.6 million shares, nearly three times the previous day's volume of 6.8 million shares, and significantly above the average daily



Class Period trading volume of approximately 11 million shares. This decrease was a result of a portion of the artificial inflation caused by Defendants' false and misleading statements being removed from the stock price in response to the Company's partial disclosures.

**B. July 26, 2012 Disclosure**

213. News of exacerbated operational problems at Pascua-Lama Project began to emerge the morning of July 26, 2012, when the Company issued a press release announcing its financial results for the second quarter of 2012, disclosing an extreme increase in the capital costs and first production estimates. Among other things, the release disclosed that “[p]reliminary results currently indicate an approximate 50-60 percent increase in capital costs from the top end of the previously announced estimate of \$4.7-\$5.0 billion, with first production expected in mid-2014.” The Company further disclosed that “preliminary results currently indicate that initial gold production is now expected in mid-2014.” Barrick additionally claimed approximately \$3 billion had been spent on the Pascua-Lama Project to date, and “[b]ased on information gathered to date, it is apparent that the challenges of building a project of this scale and complexity were greater than we anticipated. We also determined that we needed to re-align the project management structure between Barrick and our EPCM partners, Fluor and Techint.” For the first time, investors learned that Pascua-Lama would cost much *at least* twice the previously disclosed costs, and that the Project would take *at least* a year longer to begin production than previously disclosed.

214. Yet, rather than disclose the real cause of the cost overruns and delays—that the Pascua-Lama Project could never have been completed for the budget disclosed to the public and that the Company was cutting corners to keep costs down—the Company blamed the increased cost on “lower than expected contractor productivity (~30%),” “engineering and planning gaps (~25 percent),” “cost escalation (~25 percent),” and “schedule extension (~20 percent).” Barrick



further stated that “[t]he delay to the schedule arises primarily from delays to completing the camps, tunnel and process plant.”

215. The Company also misleadingly assured investors that it was taking action to manage costs and keep the Project on schedule:

We have expedited procurement of key equipment and supplies to protect against adverse forward price movements and expanded procurement efforts in local markets. We have had notable successes with the fabrication and procurement of tanks and power transformers which are now being sourced in Argentina. We have also been ensuring since last year that, to the extent possible, new contracts for major work packages are done on a fixed fee basis, which should help mitigate significant labor cost increases.

216. That same day, on July 26, *Bloomberg* reported in an article titled “***Barrick Gold Says Costs of Pascua-Lama May Jump to \$8 Billion***” that an analyst from Stifel Nicolaus & Co. described the increase as “*outrageous*” and *indicative of “a lack of controls.”* The analyst added that “[y]ou have to question at what point did they know about this and whether they *actually should be proceeding with it at this point.*” The Company’s fraudulent reassurances, continued to mislead the market. For instance, on July 27, 2012, an analyst from HSBC Global Research reported that despite the “[h]uge cost blow-out at Pascua . . . we continue to believe Pascua is one of the most attractive gold projects.”

217. Barrick’s common stock dropped from \$33.80 on July 25, 2012, to \$32.73 on July 26, 2012, a decline of approximately 3.2%. Trading volume was 26.7 million shares, nearly three times the previous day’s volume of 9.3 million shares, and more than double the average daily Class Period trading volume of approximately 11 million shares. This decrease was a result of a portion of the artificial inflation caused by Defendants’ false and misleading statements being removed from the stock price in response to the Company’s partial disclosures.

### C. November 1, 2012 Disclosure

218. Three months later, on the morning of November 1, 2012, the Company issued another press release announcing its financial results for 3Q 2012. Despite the Company's prior assurances about Pascua-Lama, Barrick further disclosed substantial increases in the capital costs and first production timeline for the Project (§ 124). The press release stated, in relevant part, that "[s]ince [July 2012], Barrick has been working with Fluor on a more comprehensive top-to-bottom review. This review will be complete by our 2012 year-end results release; however, work to date suggests capital costs will be closer to \$8.0-\$8.5 billion, with first production in the second half of 2014."

219. Notwithstanding these revelations, the press release did not disclose the full truth. Instead, the press release quoted Defendant Sokalsky as assuring the market further: "Despite some cost pressures, *Barrick remains the lowest cost senior gold producer*. We ... made substantial progress at Pascua-Lama, which remains our top priority. *Both [i.e., Pascua-Lama and the Pueblo Viejo mine] are world-class assets that together are expected to produce about 1.5 million ounces[] at low operating costs.*" The release also reassured investors that during 3Q 2012 the Company had taken sufficient steps to ensure the Project's success, including having:

- commenced transfer of project management from Barrick to Fluor, the leading global EPCM contractor that successfully managed our recently completed Pueblo Viejo project;
- reorganized and strengthened the Barrick project team, including a new project director and the hiring of experienced construction industry experts to improve the oversight and leadership of the project;
- increased the quantity and quality of skilled labor, with approximately 1,900 new hires over the past quarter primarily from the province of San Juan and the rest of Argentina;

- advanced review of all major contracts, material quantities and prices, unit costs, installation rates and productivity; and
- progressed a detailed review of project schedule, including related logistics (*e.g.* transportation, camps).

The release further stated that “[d]elays in the earthworks and underground works for the process plant are the main reason for the shift in schedule to the second half of 2014. The indicated increase in capital costs is split, roughly evenly, among: i) the impact of the delay of first gold to the second half of 2014; ii) increased labor hours and installation rates after being reviewed in more detail with Fluor during this quarter; and iii) incremental payments to Fluor to assume project and additional construction management, as well as increased incentives for Fluor and other contractors to come in on time and on budget.”

220. The *National Post* reported the next day, November 1, 2012, in an article titled “Barrick CEO aims to reassure investors as projected costs for Pascua-Lama balloon to US\$8.5B,” that “[w]hile Jamie Sokalsky maintains that Barrick Gold Corp. is getting its Pascua-Lama debacle under control, investors are not buying it just yet. Shares of the world’s biggest gold miner dropped 9.5% Thursday as it warned of even more cost escalation at Pascua-Lama . . . .” The article further reported that “[t]o investors, this news was especially upsetting because it came just three months after Barrick reported cost inflation of 50% to 60% at Pascua-Lama. At the time, US\$8-billion was thought to be the upper limit.” An analyst report from GMP Securities dated November 1, 2012, agreed that the increase was shocking: “When the company flagged the capex issue in 2Q12 they went to a number (50% higher than original guidance) where we assumed that the company thought there was little risk of it going even higher – this has obviously been revisited by Fluor.”

221. Barrick’s stock dropped from \$40.50 on October 31, 2012, to \$36.70 on November 1, 2012, a decline of approximately 9.4%. Trading volume was 22.7 million shares,

nearly three times the previous day's volume of 8.4 million shares, and double than the average daily Class Period trading volume of approximately 11 million shares. This decrease was a result of a portion of the artificial inflation caused by Defendants' false and misleading statements being removed from the stock price in response to the Company's partial disclosures.

**D. April 10, 2013 Disclosure**

222. On April 10, 2013, prior to the markets' open, investors were shocked by media reports that the Appeals Court of Copiapo, Chile, had issued an order suspending work on the Pascua-Lama Project. For example, an April 10, 2013 article published by *Bloomberg* titled "Barrick Falls After Chile Court Halts Pascua Lama: Toronto Mover" reported that "the world's largest gold miner by sales, fell to the *lowest in more than four years* after a report that a Chilean court ordered work at its Pascua-Lama mine halted." An updated *Bloomberg* article published later in the day noted that "Barrick faces as much as \$10.2 million in fines in connection with the mine, which Chile's environmental regulator said in March has failed to comply with environmental rules." Yet, investors were unsure of the implications of the court's decision. For example, the *Bloomberg* article cited a Saloman Partners, Inc. analyst: "'There's a lot of ambiguity here, it's important but nobody knows just how important this is and what kind of delay it might mean.'"

223. Later that day, Barrick issued an initial press release acknowledging "media reports indicating that a Chilean court has issued a preliminary injunction pending a full hearing, halting construction activities on the Chilean side of the Pascua-Lama project. The company has not yet been formally notified of the court order and will assess the potential implications once it has received official notification." Barrick then issued a second press release stating that it was

suspending construction work on the Chilean side of the Pascua-Lama project while working to address environmental and other regulatory requirements to the satisfaction of Chilean

authorities. In the interim, activities deemed necessary for environmental protection will continue as authorized. . . . It is too early to assess the impact, if any, on the overall capital budget and schedule of the project.

The Company failed to acknowledge, however, the extent of the environmental violations at issue and that it had not been in compliance with its environmental obligations since no later than April 2010.

224. The AP reported later that day, in an article titled “Barrick Halts Work on Mine After Chile Court Rules,” that “Barrick Gold Corp. suspended construction on its Pascua Lama mine Wednesday after a Chilean court ruled in favor of indigenous communities that say the world’s highest-altitude gold mine threatens their water supply and pollutes glaciers.” The report noted that Chile’s Interior Minister Andres Chadwick “welcomed the court ruling, which follow[ed] a fine imposed on Barrick by Chile’s Environmental Evaluation Service for failing to monitor glaciers at Pascua Lama. Chadwick says that he hopes the world’s top gold mining company can fix problems at the mine.” The report further quoted Chadwick as saying he was “not surprised at all and we think it is good that through a legal organism, construction work is suspended while Pascua effectively attends to the changes already made by the environmental regulator.”

225. Without full insight into the severity of the environmental and engineering issues at Pascua-Lama, however, analysts were optimistic that the Project would eventually succeed.

For example, an April 11, 2013 Deutsche Bank Markets Research report commented:

Barrick is suspending construction work on the Chilean side of its Pascua-Lama (PL) project following a preliminary injunction (pending a full hearing) issued by a Chilean court on indigenous communities’ environmental objections. At this stage it is too early to tell if 4Q14E start-up is impacted as courts may overturn the injunction. However, given the ~\$8.5bn capex project represents one-third of Barrick’s market capitalization, investors are understandably nervous. *We believe Barrick will ultimately*

*prevail as this project is too high profile for either Argentina or Chile to impede its development based on claims which seem remediable.*

226. Barrick's stock dropped from \$26.69 on April 9, 2013, to \$24.46, a decline of approximately 8.4%. Trading volume was 40 million shares, more than three times the previous day's volume of 12 million shares, and almost four times the average daily Class Period trading volume of approximately 11 million shares. This decrease was a result of a portion of the artificial inflation caused by Defendants' false and misleading statements being removed from the stock price in response to the Company's partial disclosures.

#### **E. May 24, 2013 Disclosure**

227. On the morning of May 24, 2013, the media began reporting that Chile's Environmental Superintendent had issued a resolution suspending the Pascua-Lama Project pending compliance with an environmental permit, and imposed a fine equivalent to \$16 million—the maximum penalty possible under Chilean law. An AP article from that day titled "Barrick fined \$16m for Pascua-Lama violations" reported that "Chile's regulator noted that Chile's environmental regulator had identified 23 violations, and Barrick had admitted to all but one. The article also reported that "while Barrick itself reported failures, a separate and intensive investigation already begun by *the agency's own inspectors found that the company wasn't telling the full truth.*"

228. That day, Barrick published a press release stating that the Company had "received a resolution from Chile's Superintendence of the Environment (Superintendencia del Medio Ambiente or "SMA") that require[d] the company to complete Pascua-Lama's water management system *in accordance with the project's environmental permit* before resuming construction activities in Chile." The press release acknowledged the \$16 million fine "for deviations from certain requirements of the project's Chilean environmental approval, including

a series of reporting requirements and instances of non-compliance related to the project's water management system," and re-iterated that it was "*fully committed to complying with all aspects of the resolution and to operating at the highest environmental standards.*"

229. In response to this development, trading in Barrick stock was halted on the NYSE around noon EST for approximately three hours. Barrick's stock dropped from \$19.55 on May 23, 2013, to \$19.16 on May 24, 2013, a decline of approximately 2.0%, on heavy trading volume for the hours that trading was not halted. This decrease was a result of a portion of the artificial inflation caused by Defendants' false and misleading statements being removed from the stock price. The decline in Barrick's stock price by 2.0%, from May 23, 2013 to May 24, 2013, would have been more significant had trading of the Company's stock not been halted for approximately three hours as news of the Pascua-Lama Project suspension disseminated throughout the market.

#### **F. June 28, 2013 Disclosure**

230. On June 28, 2013, the media reported that Barrick had announced additional delays at Pascua-Lama and that the Company would take up to a \$5.5 billion impairment on the Project. A June 28, 2013 *Wall Street Journal* article titled "Barrick Gold Delays Production at Pascua Lama Mine, Sets Big Charge Output Will Be Delayed by at Least a Year and A Half; Charge May Total \$5.5 Billion" noted that the Company was "postponing production at its giant Pascua Lama mine by at least a year and a half and said it will likely take an impairment charge of up to \$5.5 billion on the project." The article further reported that "[w]hile further delay was expected, investors will be unhappy to hear the news given the ounces Barrick is expected to mine at Pascua Lama will add significant revenue at a key time for the beleaguered miner. Analyst estimates that the mine could account for as much as 11% of Barrick's overall gold production once up and running."

231. A Deutsche Bank analyst report issued on July 1, 2013 reported that the Company had disclosed the news over the weekend, and noted that “Barrick already submitted plan to construct PL’s water management system in compliance with environmental permit conditions and expects completion by 2014-end, after which it anticipates to re-start construction in Chile, including pre-stripping. Barrick intends to re-sequence construction of process plant/other facilities in Argentina targeting first ore by mid-2016.”

232. Barrick’s stock dropped from \$15.74 on June 28, 2013, to \$15.25 on July 1, 2013, a decline of approximately 3.1%, on heavy trading volume. This decrease was a result of a portion of the artificial inflation caused by Defendants’ false and misleading statements being removed from the stock price.

**G. October 31, 2013 Disclosure**

233. On October 31, 2013, Barrick announced that it had fully suspended the entire Pascua-Lama Project. The suspension was indefinite and, according to Barrick, would proceed only if a “more effective, phased approach” to the Project was developed.

234. Analyst response was immediate. The same day, a JP Morgan analyst reported: “Barrick has taken the slowdown at Pascua Lama one step further to a suspension of mine building for a ‘*restart when conditions warrant*’. . . . there’s uncertainty on what Barrick will look like without PL.” (Emphasis in original). Similarly, on the same day, an analyst at Deutsche Bank reported: “PL re-start will depend on project economics and resolution of regulatory/legal issues”). On the same day, *Reuters*, in an article titled “Barrick to shelve Pascua-Lama, issue shares to cut debt,” reported that the indefinite suspension was “a surprise reversal on a project that has already cost the world’s largest gold producer more than \$5 billion.”



235. Later in the day, the Company confirmed this suspension during the course of a conference call largely dedicated to questions concerning Pascua-Lama. In response, Defendant Sokalsky confirmed the need to suspend the Project mainly to address “cost pressures” and to consider whether the Company could develop the Project in the future with “improve[d] economics.”

236. Barrick’s stock dropped from \$20.50 on October 30, 2013, to \$19.39 on October 31, 2013, a decline of approximately 5.4%. Trading volume was 24.6 million shares, compared to the previous day’s volume of 22.7 million shares, and materially higher than the average daily Class Period trading volume of approximately 11 million shares. This decrease was a result of a portion of the artificial inflation caused by Defendants’ false and misleading statements being removed from the stock price.

#### **H. November 1, 2013 Disclosure**

237. Minutes after the close of trading on October 31, 2013, Barrick further shocked investors by disclosing in a press release a \$3 billion public equity offering representing 163.5 million common shares at a price of \$18.35 per share. The Company stated it intended to use the “balance of the net proceeds” to pay down debt and “to further strengthen its balance sheet, which could include further debt reductions and for general corporate purposes *including ongoing operating and capital expenditures relating to Barrick’s existing portfolio of mines.*”

238. With this news, it became clear that cost overruns and delays at Pascua-Lama were so devastating to the Company’s balance sheet that Defendants had to seek an immediate infusion of capital, despite the suspension of Pascua-Lama and the reduced costs that flowed from that suspension. On the same day, an analyst report from JP Morgan, titled “Barrick Gold “Give a Little, Take a Little: After the Q3 report, It Takes Down a \$3bn Bought Deal to Reduce Indebtedness,” reported that “*cost overruns*” were among the factors that contributed to

Barrick's \$14.5 billion debt load and that “*delays with Pascua Lama have left Barrick with less cashflow to service its debt.*”

239. Barrick's stock dropped from \$19.39 on October 31, 2013, to \$18.01 on November 1, 2013, a decline of approximately 7.1%. This decrease was a result of a portion of the artificial inflation caused by Defendants' false and misleading statements being removed from the stock price in response to the Company's partial disclosures.

## **VII. DEFENDANTS' MATERIALLY FALSE AND MISLEADING STATEMENTS**

240. As detailed herein, throughout the Class Period, Defendants made materially false and misleading statements and omissions about the technical and economic feasibility, cost, and expected first production from the Pascua-Lama mine and the Company's compliance with applicable environmental regulations. These statements were false and misleading because they concealed that (i) as early as 2008, Barrick knew that the Pascua-Lama Project was not economically or technically feasible for the cost or within the timeframe it repeatedly touted to investors; (ii) the capital committed to the Pascua-Lama Project was insufficient to bring about first production in the timeframes stated; (iii) the Company's non-compliance with applicable environmental regulations increased the likelihood that, once discovered, the Pascua-Lama Project would be suspended; and (iv) Barrick's true financial condition and compliance with regulatory, GAAP, and IFRS disclosure requirements. Defendants further concealed from shareholders the true financial condition of Barrick, the impairment of Barrick's investment in the Project, and the ineffectiveness of Barrick's internal controls. The ultimate public disclosures of the true facts – which culminated in the suspension of the Pascua-Lama Project and a substantial impairment of Barrick's net investment in the Project – resulted in a negative and material decline in the Company's stock price.

**A. Misstatements And Omissions Related To Project Status And Feasibility**

**Barrick's May 2009 Update On Pascua-Lama**

241. On May 7, 2009, before the market opened, Barrick issued a press release announcing that the Company's Pascua-Lama Project would proceed to construction. In the release Defendants stated that:

(a) it had "finalized the project's economic parameters, received key construction permits, satisfactorily resolved key outstanding fiscal matters with the governments of Chile and Argentina, and is engaged in discussions for project financing";

(b) the Project had a "[p]re-production construction estimate of \$2.8-\$3.0 billion," and that "[c]ommissioning [was] expected in late 2012 and production in early 2013"; and

(c) "[t]he anticipated total cash costs are \$20 to \$50 per ounce[] – which would make Pascua-Lama one of the lowest cost gold producing mines in the world."

242. The Barrick press release also quoted then-CEO Defendant Regent:

We are building Pascua-Lama-one of the world's best undeveloped gold mining projects. . . . Our focus over the last few months has been on resolving outstanding cross border permitting and tax matters, improving the capital and operating costs and project economics . . . . *We have made considerable progress on all these fronts which has culminated in our go-ahead decision today. The combination of the project's attractive economics, significant production at low cash costs, and support by the governments of Chile and Argentina for this environmentally responsible project will generate enduring and substantial benefits for all concerned. . . .*

\* \* \*

*We will now apply and demonstrate Barrick's expertise-particularly leveraging our Veladero experience in the Frontera district - in developing this large, low cost mine. It is projected to significantly lower our overall total cash costs and make a substantial contribution to our production for decades.*

243. That same day, Defendants hosted the “Barrick Gold update on the Pascua-Lama project Conference Call” (“Pascua-Lama Update Call”), during which Defendant Regent, CEO of Barrick, stated:

[To] put the competitive position of this asset in perspective, we have plotted the expected cash cost of Pascua-Lama against the global cost curve. *As you can see, Pascua-Lama is expected to be one of the lowest-cost gold mines in the world.*

The total cash cost of \$20 to \$50 per ounce that I mentioned placed *Pascua-Lama at the very bottom end of this global cost curve.* It is also worth noting that if Pascua-Lama was in production today, it would have the effect of *reducing Barrick’s overall cash cost by about \$40 per ounce.*

The *updated feasibility study confirms that the project has very attractive economics.* Updated capital costs are estimated at 2.8 to \$3 billion given a *double-digit*, unlevered after-tax *IRR* [internal rate of return] at a gold price of \$800 per ounce and a silver price of \$12 per ounce. These returns will be enhanced after the application of leverage and we will be looking at other opportunities to enhance this further.

Commissioning is expected to occur in late 2012 and first gold to be poured in early 2013. *We are well positioned to manage the execution of this project. Significant focus has been put on identifying risks and eliminating or managing risks through various mitigation strategies.*

244. Defendant Potter, then-SVP of Capital Projects, provided additional operational and financial details to demonstrate the Project’s potential for success:

In terms of what we’ve accomplished since we last talked to you in detail, we’ve had a number of optimizations, including metallurgical upgrades and improved recoveries and the engineering design that have been conducted to advance it to the point where *overall level of engineering is about 75% complete versus what you would typically expect in a project at this stage at about 25%.* We have also reduced the footprint of the mill layout.

*[W]e have been able to hold the line on capital costs despite significant escalation* in labor costs which have essentially been offset through design optimization and cost savings in other areas. We provided an interim capital cost update in February last year

which put the capital estimate at [\$]2.7 to \$2.8 billion, excluding the expansion from 30,000 to 45,000 tons per day. ***The current capital estimate of [\$]2.8 to 3 [billion] includes the accelerated ramp-up to 45,000 tons a day in the first year.***

***We've also incorporated all of the conditions of the environmental approval as well as the key sectorial permits for construction.***

245. Turning to environmental issues, Defendant Kinver, then-EVP of Corporate Affairs, emphasized Barrick's commitment to compliance and the Project's ultimate success:

(a) "We have performed detailed risk assessment on the projects and we continue to monitor and update as necessary as we move forward. These risks have been identified and rated and they have been evaluated by our management team and we conclude we're in a strong position to mitigate risks to an acceptable level";

(b) "We also have a lot of experience of dealing with high-altitude fatigue and sleep disorder programs and have been implemented and proving very effective in achieving good efficiencies and productivity at Veladero. The team is also enhanced with experience and knowledge of personnel from other sites . . . ."; and

(c) "Again, leveraging [Barrick's] experience from Veladero as well as successful closure plans for sites like the El Indio mine, Pascua-Lama has a strong environmental team that works very closely with local authorities and communities and who in turn are familiar with Barrick's strong commitment to high environmental program standards."

246. Defendants' statements in ¶¶ 241-245, were materially false and misleading because they concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear from before 2009 that the Company would not be able to deliver its "low-cost" project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean

regulators approved based on Defendants' agreement. In other words, Defendants' statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

247. Defendants' statements further concealed that (i) rather than being in a "strong position to mitigate risks," the Company had a weak "overall project management structure" that Defendant Sokalsky later described as a "major factor" contributing to the Pascua-Lama cost and schedule overruns that the Company revealed (§ 119); (ii) from the outset of the project and throughout the Class Period, Barrick's risk management program as part of the overall project management structure was flawed, allowing for construction outside the parameters of the environmental impact assessment approved by Chilean regulators; (iii) the "experience[d] and knowledge[able]" team members from other sites that Defendants touted during the course of the Pascua-Lama Update Call conveyed to management that, based on their assessment of the project and their prior experience, they knew that the project was not feasible in the timeframe or budget allotted (§§ 64-69); (iv) far from having "very attractive economics," including "double-digit [] IRR," Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the true capital costs and schedule of building an environmentally compliant project would result in poor IRR (*see* §§ 52-56, 125); and (v) engineering for the project when the project began was no more than 10% complete, not 75% complete, in May 2009. § 64.

248. Also during the Pascua-Lama Update Call, an analyst from JPMorgan Chase asked Kinver about the "top two or three" risks at Pascua-Lama. Kinver responded as follows:

What we see, *we looked at political risk, country risk. We looked at the weather risks*, the impact of high winds and we systematically went through these risks. We looked at the likely impacts and the likelihood of them happening. And obviously the

large events which were likely to happen, we rate at the top. *But what we then do is look at ways we can mitigate them and move them from high-risk to medium-risk and from medium-risk to low-risk.*

249. Defendant Kinver's statements were materially false and misleading because, in responding to this direct question about the top risks at Pascua-Lama, he concealed that Defendants Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver its "low-cost" project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants' agreement. In other words, Defendants' statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

#### **Barrick's June 4, 2009 Goldman Sachs Basic Materials Conference**

250. On June 4, 2009, Defendants gave a presentation at the Goldman Sachs Basic Materials Conference (the "2009 GS Conference") during which the Company presented materials that detailed Pascua-Lama: (i) had "[a]ttractive economics," including "double digit IRR [Internal Rate of Return]; (ii) was at the "Bottom of [the] Industry Cost Curve" in terms of "Total Cash Cost/Oz"; (iii) was one of "[f]our new low cost mines coming on stream over the next four years" delivering "2.6 million low cost ounces," later repeating that it was a "low cost, long life" mine; and (iv) required "[p]re-production capital of \$2.8 billion-\$3.0 billion," with "commissioning in late 2012" and "first gold expected early 2013."

251. The statements and materials presented at the 2009 GS Conference were materially false and misleading because Defendants concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009

that the Company would not be able to deliver its “low-cost” project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants’ agreement.

252. The statements further concealed that far from having “[a]ttractive economics,” including “double digit IRR,” Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the true capital costs and schedule of building an environmentally compliant project would result in poor IRR. *See* ¶ 125. Furthermore, Defendants’ statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

#### **Barrick’s July 30, 2009 Q2 2009 Earnings Conference Call**

253. On July 30, 2009, Defendants held the Q2 2009 earnings conference call. During the call, Defendant Regent highlighted Pascua-Lama’s benefits as a low-cost mine and the Company’s ability to develop it as such:

*Pascua-Lama is arguably one of the best undeveloped gold projects in the world, and will be a low-cost contributor to Barrick for decades to come.*

*The construction decision on Pascua-Lama, announced in early May, is a milestone event for Barrick, and is a combination of a three-pronged approach involving the receipt of key construction permits, a satisfactory resolution of cross-border fiscal matters, and a financial strategy that is well advanced. . . . This is a low-cost, long life project which is expected to have a significant impact on our future production cash costs, cash flow and earnings.*

As we have mentioned previously, if Pascua-Lama was in production today, it would have the effect of reducing Barrick’s overall total cash cost by about \$4 per ounce. Average annual production in the first full five years is expected to be 750,000 to 800,000 ounces of gold, and 35 million ounces of silver, at a total cash cost of \$20 to \$50 per ounce; *making it one of the lowest cost gold mines in the world.* . . . The commissioning of Pascua-Lama is expected to occur in late 2012.



\* \* \*

*Our projects remain on schedule and within budgets.* . . . And after many years, the world-class Pascua-Lama project is under construction. Collectively, Buzwagi, Cortez Hills, Pueblo Viejo, and now Pascua-Lama, will add 2.6 million ounces of new production, at significantly lower costs than our current production base.

254. Defendant Regent’s statements during the Q2 2009 earnings conference call (§ 253) were materially false and misleading because, in touting the Company’s “financial strategy” and the success of the Project as a low-cost mine, Defendants concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver its “low-cost” project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants’ agreement. In other words, Defendants’ statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

**July 31, 2009 Q2 2009 Form 6-K**

255. On July 31, 2009, Defendants filed a Form 6-K with the SEC setting forth Barrick’s operating results for the three-month period ending June 30, 2009, in which the Company stated:

(a) “Pascua-Lama is expected to produce about 750,000-800,000 ounces of gold per year at anticipated total cash costs of \$20-\$50 per ounce in the first full five years of a +25 year mine life, making it one of the lowest cost gold mines in the world”;

(b) “[c]ommissioning is expected in late 2012 and initial production in the first quarter of 2013”; and

(c) that Pascua-Lama was one of “a new generation of low cost mines” and that “[a]t full capacity, these projects are expected to collectively contribute 2.6 million ounces of average annual production at lower cash costs than the current Company profile.”

256. Defendants’ statements in the Q2 2009 Form 6-K (§ 255) were materially false and misleading because in describing the success of the Project as a low cost mine, Defendants concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver its “low-cost” project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants’ agreement. In other words, Defendants’ statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

#### **September 8, 2009 Silver Sale Agreement Press Release**

257. On September 8, 2009, Barrick issued a press release titled “Barrick Announces Silver Sale Agreement” announcing its entry into an agreement (the “Silver Sale Agreement”) with Silver Wheaton to sell 25% of the silver production from the Pascua-Lama Project and 100% of silver production from certain other mines through the end of 2013 for the lesser of \$3.90 per ounce or the prevailing market price per ounce (the “September 8 Press Release”). In exchange for entering into the Silver Sale Agreement, ***Barrick secured \$625 million*** in funding from Silver Wheaton, payable as an immediate cash deposit of \$212.5 million and three further deposits of \$137.5 million. In the September 8 Press Release, Defendants touted the economic benefits of the agreement and Pascua-Lama:

(a) “The Pascua-Lama project, on the border of Chile and Argentina, is expected to become one of the gold industry’s largest and lowest cost mines. . . . Pre-production

capital costs for the project are expected to be \$2.8-\$3.0 billion. Commissioning of the mine is targeted for late 2012, with production commencing in early 2013”; and

(b) “Pascua-Lama’s expected total cash costs of \$20-\$50 per ounce in the first full five years and \$200-\$250 per ounce on a life-of-mine basis are not expected to be negatively impacted by the transaction.”

258. Defendants’ statements in the September 8 Press Release (§ 257) were materially false and misleading because, in describing the success of the Project as a low-cost mine and completion of the Project for production in Q1 2013, Defendants concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver its “low-cost” project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants’ agreement.

259. The September 8 Press Release further stated that “failure to achieve project completion and customary events of default, the agreement may be terminated,” in which case, “Barrick may be required to return to Silver Wheaton the upfront cash deposit of \$625 million less a credit for silver delivered up to the date of that event, which is determined using the difference between the market price and \$3.90 per ounce for silver deliveries where the prevailing market price exceeded \$3.90 per ounce.”

260. Defendants’ statements about the terms of the Silver Sale Agreement (§ 259) were materially false and misleading because, in describing the success of the Project as a low-cost mine and completion of the Project for production in Q1 2013, Defendants concealed, as stated in §§ 53-56, 64-68, that the Company could not complete the Project on time or in accordance

with the Chilean environmental requirements, and thus the Company could not comply with the terms of the Silver Sale Agreement.

261. During a conference call that same day announcing the Silver Sale Agreement, Silver Wheaton's President and CEO, Peter Barnes, stated:

In addition this deal adds another cornerstone asset to the Silver Wheaton portfolio significantly increasing our long term growth profile. ***The driver behind this deal is the acquisition of 25% of the life of mine silver production from Pascua-Lama. One of Barrick's key growth assets.*** . . . Production is expected to start in early 2013, and the mine life is expected to exceed 25 years.

\* \* \*

Barrick has provided a completion guarantee requiring them to complete Pascua-Lama to at least 75% of design capacity by the end of 2015. This completion does not occur by the end of 2013, Silver Wheaton will continue to receive silver production from the Lagunas Norte, Pierina, and Veladero mines during 2014 and 2015 until Barrick satisfies the requirements of the completion guarantee. In addition, if Barrick does not satisfy the requirements of the completion guarantee, the agreement may be terminated by Silver Wheaton and we will be entitled to the return of our initial investment, and any silver delivered to date.

262. Silver Wheaton also issued a press release that day announcing the Silver Sale. Among the points highlighted by Silver Wheaton was Barrick's professed timeline for production at the Pascua-Lama Project: "Silver Wheaton's 25% share of the estimated average annual silver production for the first full five years [2013 to 2017] is nine million ounces . . . ." Consequently, the 2013 time horizon for initial production from the Pascua-Lama Project asserted by Barrick was a material factor in the terms of the Silver Sale and the attendant \$625 million of funding. The Silver Sale Agreement closed on September 22, 2009.

**September 8, 2009 \$4 Billion Common Stock Offering  
Registration Statement**

263. Also on September 8, 2009, Defendants filed a Form F-10 Registration Statement with the SEC for an offering of common stock issued by the Company. The final amended version of this registration statement was filed on September 15, 2009, and on September 23, 2009, the Company issued 108,962,500 shares of common stock at \$36.95 for gross proceeds of \$4,026,164,375. Defendants Regent and Sokalsky signed the registration statement.

264. The Common Stock Registration Statement expressly touted developments at Pascua-Lama, including the terms of the Silver Sale Agreement set forth in ¶¶ 257, 259.

265. The terms of the Silver Sale Agreement as set forth in the Common Stock Registration Statement were materially false and misleading for the same reasons set forth in ¶¶ 258, 260.

266. The Common Stock Registration Statement also incorporated by reference the “interim unaudited consolidated financial statements of Barrick for the three and six months ended June 30, 2009, including consolidated balance sheets as at June 30, 2009 . . . and consolidated statements of income, cash flow, equity and comprehensive income for the three and six months ended June 30, 2009 . . . and related notes.”

267. The statements in ¶¶ 255, 459, and 505 from Barrick’s Q2 2009 Form 6-K incorporated by reference into the Common Stock Registration Statement were materially false and misleading by omission for the reasons set forth in ¶¶ 256, 460, and 506, respectively. Furthermore, Defendants’ statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

**October 13, 2009 Q3 2009 Earnings Conference Call**

268. On October 29, 2009, Defendants hosted the Q3 2009 earnings conference call, during which Defendant Regent stated:

(a) “At Pascua-Lama, average annual production in the first full five years is expected to be 750,000 to 800,000 ounces of gold and 35 million ounces of silver at a cost of around \$20 to \$50 per ounce. That will make it one of the lowest cost gold mines in the world”; and

(b) “all necessary permits for construction are in hand and other sectoral permits are in process; and commission is expected to occur late in 2012 with first production anticipated for the first quarter of 2013. So in total, our projects under construction . . . are expected to collectively contribute about 2.6 million ounces of lower cost production once at full capacity.”

269. Defendants’ statements in the Q3 2009 Earnings Conference Call (¶ 268) were materially false and misleading because in describing the success of the Project as a “low-cost” mine, Defendants concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver its “low-cost” project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants’ agreement. In other words, Defendants’ statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

**October 29, 2009 Q3 2009 Form 6-K**

270. On October 29, 2009, Defendants filed a Form 6-K with the SEC setting forth its Q3 2009 operating results for the three-month period ending September 30, 2009, in which

Barrick continued to tout the economic advantages of Pascua-Lama and Barrick's progress on the Project:

(a) "Construction of Barrick's new generation of low cost mines remains on schedule and in line with their budgets. . . . Pascua-Lama has started construction";

(b) "At full capacity, these projects are expected to contribute about 2.6 million ounces of annual production at lower than current cash costs"; and

(c) "Pascua-Lama is expected to produce about 750,000-800,000 ounces of gold and 35 million ounces of silver annually in its first full five years at anticipated total cash costs of \$20-\$50 per ounce, making it one of the lowest cost gold mines in the world.

Commissioning is expected in late 2012 and initial production in the first quarter of 2013."

271. Defendants' statements in the Q3 2009 Form 6-K (¶ 270) were materially false and misleading because, in describing the success of the Project as one of the world's lowest cost mine and the Company's development of this mine as "on schedule" and "in line" with its budget, Defendants concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver its "low-cost" project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants' agreement. In other words, Defendants' statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

272. The Q3 2009 Form 6-K also reiterated the terms of the Silver Sale Agreement as set forth in ¶¶ 257, 259. The terms of the Silver Sale Agreement as set forth in the Q3 2009

Form 6-K were materially false and misleading by omission for the same reasons set forth in ¶¶ 258, 260.

#### **November 9, 2009 Registration Statement**

273. On November 9, 2009, Defendants filed a Form F-9 Registration Statement with the SEC for an offer to exchange \$400,000,000 in notes due in 2020 and \$850,000,000 in notes due in 2039 (issued by Barrick's Australian subsidiary, Barrick (PD) Australia Finance Pty Ltd., on October 13, 2009, but previously unregistered with the SEC), which paid 4.95% and 5.95% interest, respectively (the "2009 Private Notes"), for notes with substantially identical terms that were registered with the SEC (the "2009 Exchange"). The final amended registration statement for the 2009 Exchange signed by Defendants Regent and Sokalsky was filed on November 18, 2009, and became effective on November 23, 2009. Defendants Regent and Sokalsky signed the registration statement.

274. The 2009 Exchange Registration Statement reiterated the terms of the Silver Sale Agreement as set forth in ¶¶ 257, 259 and added:

In third quarter 2009, we received a cash deposit of \$212.5 million which is recorded in other non-current liabilities on the Consolidated Balance Sheet. ***Provided that construction continues to progress at Pascua-Lama***, we will receive additional cash deposits of \$137.5 million on each of the next three anniversary dates of the agreement.

275. The terms of the Silver Sale Agreement as set forth in the 2009 Exchange Registration Statement and the statements set forth in ¶ 274, pertaining to additional Silver Sale Agreement-related developments, were materially false and misleading by omission for the same reasons set forth in ¶¶ 258, 260.

276. The 2009 Exchange Registration Statement also incorporated by reference the "interim unaudited consolidated financial statements of Barrick for the three and nine months



ended September 30, 2009, including consolidated balance sheets as at September 30, 2009”; the “consolidated statements of income, cash flow, equity and comprehensive income for the three and nine months ended September 30, 2009 . . . and related notes”; and “[t]he management’s discussion and analysis of Barrick for the three and nine months ended September 30, 2009.”

277. The statements in ¶¶ 270, 461, and 505 from Defendants’ Q3 2009 Form 6-K incorporated by reference into the 2009 Exchange Registration Statement were materially false and misleading by omission for the reasons set forth in ¶¶ 271, 460, and 506, respectively.

**December 10, 2009 Bank Of America-Merrill Lynch 2009 Global Industries Conference**

278. On December 10, 2009, Defendants participated in the Bank of America-Merrill Lynch 2009 Global Industries Conference in New York (“BofA Conference”). As part of the Company’s prepared presentation to investors and analysts, Barrick presented a slide that stated that the Pascua-Lama Project was “[o]n track for first production Q1 2013” and that the Project was “[i]n line with \$2.8-\$3.0 B capital budget.”

279. Defendants’ statements (¶ 278) were materially false and misleading because, in touting the Project as “in line” with the disclosed capital budget and completion of the Project for production in Q1 2013, Defendants concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver its “low-cost” project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants’ agreement. In other words, Defendants’ statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

**January 2010 CIBC Whistler Institutional Investor Conference**

280. In January 2010, Defendants took part in the CIBC Whistler Institutional Investor Conference. As part of the Company's prepared presentation to investors and analysts, it presented the identical slide previously presented at the BofA Conference (§ 278) reiterating that the Pascua-Lama Project was "[o]n track for first production Q1 2013" and that the Project was "[i]n line with \$2.8-\$3.0 B capital budget."

281. Defendants' statements in § 280 were false and misleading by omission for the same reasons given in § 279.

**February 18, 2010 Q4 2009 Earnings Conference Call**

282. On February 18, 2010, Defendants hosted the Company's Q4 2009 earnings conference call. During this call, Defendant Regent assured investors that:

(a) ***"Pascua-Lama also remain[s] on track and budget";***

(b) "Pascua-Lama [will begin producing] in late 2012, early 2013. The full capacity of these three mines [including Pascua-Lama] will produce about 2.4 million ounces of average annual production at ***lower cash costs*** than our current portfolio. . . . They are each large, ***long life and low cost mines*** which provide us with ***considerable development options*** for the future";

(c) "Turning to Pascua-Lama, our construction efforts have been ramping up. . . . The first five years of production is expected to be around 750,000 to 800,000 ounces of gold and 35 million ounces of silver"; and

(d) ***"And the project remains in line with its preproduction capital of \$2.8 billion to \$3 billion and is on schedule to enter production in the late 2012 or early 2013."***

283. Defendants' statements in the Q4 2009 earnings call (§ 282) were materially false and misleading because, in describing the success of the Project as one of the world's lowest cost

mines and the Company's development of this mine as "on schedule" and "in line" with its budget, Defendants concealed Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver its "low-cost" project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants' agreement. In other words, Defendants' statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

**2009 Annual Report (Filed March 23, 2010)**

284. On March 23, 2010, Defendants filed a Form 6-K with the SEC presenting the Company's annual report for 2009 (the "2009 Annual Report"). As part of the discussion of Barrick's operations, Defendants stated:

(a) *"Pascua-Lama remains on schedule to deliver first gold in the first quarter of 2013 and in line with its \$2.8-\$3.0 billion pre-production capital budget";*

(b) "Once operating, [Pascua-Lama] is expected to produce between 750,000-800,000 ounces of gold annually at total cash costs of \$20-\$50 per ounce, assuming a \$12 per ounce silver price. *This makes Pascua-Lama one of the lowest cost gold mines in the world*";

(c) "Barrick's production base and cash cost profile will be further improved with . . . *Pascua-Lama, expected in early 2013*"; and

(d) "the Pascua-Lama project in Chile and Argentina, *[is] in construction and remain on track and on budget*. When complete, [this] world-class, long-life mine[] will add low cost production to our portfolio."

285. Defendants' statements in the 2009 Annual Report were materially false and misleading because, in describing the success of the Project as one of the world's lowest cost mine and the Company's development of this mine as "on schedule" and "in line" with its budget, Defendants concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver its "low-cost" project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants' agreement. In other words, Defendants' statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

**March 29, 2010 Form 40-F (Filed March 29, 2010)**

286. On March 29, 2010, Defendants filed a Form 40-F with the SEC setting forth its audited financial statements and related full-year information for 2009. As part of the discussion of Barrick's operations, Defendants stated that "*The project remains in line with its pre-production capital budget of \$2.8-\$3.0 billion and is on schedule to enter production in the first quarter of 2013.*"

287. Defendants' statements in the March 29, 2010 Form 40-F (¶ 286) were materially false and misleading because, in describing the success of the Project as one of the world's lowest cost mine and the Company's development of this mine as "on schedule" and "in line" with its budget, Defendants concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver its "low-cost" project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants' agreement. In other words, Defendants'

statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

#### **April 1, 2010 Form 6-K**

288. On April 1, 2010, Defendants filed a Form 6-K with the SEC setting forth its operating results for the three-month and one-year periods ending December 31, 2009. As part of its discussion of its operations, Defendants stated:

(a) the “*Pascua-Lama project[] remain[s] on schedule and in line with [its] capital budget[]*”; and

(b) “We moved *Pascua-Lama* into construction and . . . [it is] “*progressing in line with expectations*. All of these projects are anticipated to contribute significant low cost production for many years to come.”

289. Defendants’ statements in the April 1, 2010 Form 6-K (¶ 288) were materially false and misleading because, in describing the success of the Project as one of the world’s lowest cost mine and the Company’s development of this mine as “on schedule” and “in line” with its budget, Defendants concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver its “low-cost” project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants’ agreement. In other words, Defendants’ statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

#### **April 28, 2010 Earnings Call**

290. On April 28, 2010, Defendants hosted an earnings call to discuss Barrick’s Q1 2010 results. Company participants on the call included Defendants Regent, Sokalsky,

Kinver, and Potter. During the call, Defendant Regent stated, “Our [] world class project[], . . . *Pascua-Lama on the border of Chile in Argentina remain[s] on schedule and [is]expected to come in line with [its] capital budget[]*.”

291. Defendant Regent’s statement on the April 28, 2010 earnings call (§ 290) was materially false and misleading because he concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver its “low-cost” project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants’ agreement. In other words, Defendants’ statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

#### **April 29, 2010 Form 6-K**

292. On April 29, 2010, Defendants filed a Form 6-K with the SEC setting forth Barrick’s operating results for the three-month period ending March 31, 2010. As part of the discussion of Barrick’s operations, Defendants stated:

(a) “*Construction of the . . . Pascua-Lama project[] is on schedule and expected to be in line with [its] preproduction capital budget[]*”; and

(b) “At the Pascua-Lama project on the border of Chile and Argentina, detailed *engineering is approximately 95% complete and the project is on track to enter production in the first quarter of 2013. . . . The project remains in line with its pre-production capital budget of \$2.8-\$3.0 billion* with approximately one-third of the capital committed.”

293. Defendants’ statements in the April 29, 2010 Form 6-K (§ 292) were materially false and misleading because, in describing the success of the Project as one of the world’s lowest cost mine and the Company’s development of this mine as “on schedule” and “in line”

with its budget, Defendants concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver its “low-cost” project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants’ agreement. Moreover, the Project engineering was only 10% complete.

294. The April 29, 2010 Form 6-K statements were further materially misleading because senior management, including Defendant Potter, knew, or were at least reckless in not knowing, as of April 2010 from Pascua-Lama management that the Company’s completion schedule and budget was unrealistic (§§ 64-67). Furthermore, Defendants’ statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

#### **Defendants’ Statements At The 2010 Goldman Sachs Basic Materials Conference**

295. On June 4, 2010, Defendant Sokalsky participated in the 2010 Goldman Sachs Basic Materials Conference in New York (the “2010 GS Conference”). As part of the Company’s prepared presentation to investors and analysts, Barrick presented a slide titled “Pascua-Lama Project Update,” which stated, in relevant part, that the Pascua-Lama Project: (i) was on track for first production in the first quarter of 2013; (ii) was in line with the \$2.8-\$3.0 billion pre-production capital budget; and (iii) had detailed engineering approximately 95% completed.

296. Defendants’ statements at the 2010 GS Conference (§ 295) were materially false and misleading because:

(a) in describing the success of the Project as one of the world’s lowest cost mine and the Company’s development of this mine as “on track” and “in line” with its budget,

Defendants concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver its “low-cost” project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants’ agreement;

(b) Defendants concealed that engineering for the Project when it began was no more than 10% complete, and therefore was not 95% complete in June 2010 (¶ 64); and

(c) Defendants’ statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

#### **July 29, 2010 Earnings Call**

297. On July 29, 2010, Defendants hosted an earnings conference call to discuss Barrick’s Q2 2010 results. During the call, Defendant Regent stated:

(a) “Our []world-class, low cost project[] . . .Pascua-Lama on the border of Chile and Argentina remain in line with respect to [its] pre-production capital budget[] and initial production expectations”;

(b) “At . . . *Pascua-Lama* [first gold is expected] *in the first quarter of 2013*. And as we’ve highlighted before, at full capacity, these three mines [including Pascua-Lama] will produce about 2.4 million ounces of average annual production at lower cash costs than our current cost profile”; and

(c) “*Turning to Pascua-Lama, initial production continues to be in the first quarter of 2013. And again, this project remains in line with its pre-production capital budget, and detailed engineering and procurement is nearing completion.*”

298. Defendant Regent’s statements on the July 29, 2010 earnings call (¶ 297), including those describing the success of the Project as one of the world’s lowest cost mines and



the Company's development of this mine as "on track" and "in line" with its budget, were materially false and misleading because they concealed that:

(a) Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver its "low-cost" project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants' agreement;

(b) engineering for the Project when it began was no more than 10% complete, and, therefore, was not nearing completion in July 2010; and

(c) Defendants' statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

299. During the course of this call an analyst from Salman Partners Inc. followed up on Barrick's development projects, including Pascua-Lama, by asking "are you seeing any cost pressures on your major development projects, in terms of capital costs?" An unidentified Company representative for Barrick responded, "Earlier this year, we certainly saw cost pressures in most items, steel, cement, ocean freight, and so on. But we've seen the last three or four months, an easing of cost pressures. . . . So I'd say they're - the increases have slowed up a bit." The Salman Partners analyst followed up to get a better picture of the likelihood that capital costs at Pascua-Lama may increase: "So would you be **expecting revisions in terms of overall capital costs for Pascua**, et cetera, or have they come down enough such that you don't expect any significant increases at that point?" In response the same Company representative assured: "No. We won't be revising, because as I said it's a mixed bag. Some may have gone up. Some have may of gone flat. Some are down. But overall, it's more or less where we forecast."

300. Defendants' statements in ¶ 299 on the July 29, 2010 earnings call were materially false and misleading by omission for the reasons set forth in ¶ 298.

**July 30, 2010 Form 6-K**

301. On July 30, 2010, Defendants filed a Form 6-K with the SEC setting forth Barrick's operating results for the three-month period ending June 30, 2010. As part of the discussion of Barrick's operations, Defendants stated:

(a) "The [] Pascua-Lama project[] remain[s] in line with [its] pre-production capital budget[] with first production expected in . . . Q1 2013"; and

(b) "At the Pascua-Lama project on the border of Chile and Argentina, detailed *engineering and procurement is nearing completion* and the project is on track to enter production in the first quarter of 2013. . . . *The project remains in line with its pre-production capital budget of \$2.8-\$3.0 billion* with over one-third of the capital committed."

302. In describing the success of the Project as one of the world's lowest cost mine and the Company's development of this mine as "on schedule" and "in line" with its budget, Defendants statements in the July 30, 2010 Form 6-K (¶ 301) were materially false and misleading because they concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver its "low-cost" project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants' agreement. In other words, Defendants' statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

**October 28, 2010 Earnings Call**

303. On October 28, 2010, Defendants hosted an earnings conference call to discuss Barrick's Q3 2010 results. During the call, Defendant Regent stated:

(a) "At Pascua-Lama, the project remains in line with its pre-production capital budget of about \$3 billion, with production scheduled to begin in the first quarter of 2013"; and

(b) "Barrick has always been supportive of legislation and measures to protect glaciers, and that *neither the Pascua-Lama project or Veladero are impacting the glaciers surrounding our operations*. We have completed comprehensive environmental impact studies that have been extensively reviewed and approved by the authorities on both the Chilean and Argentinian side of the border. In addition, the province of San Juan, where our operations are located, previously enacted glacier protected legislation *with which we comply*."

304. In response to a question from an analyst concerning compliance with regulations protecting glaciers, Defendant Regent went on to state:

as I said in my remarks, as far as we're concerned, *we're fully compliant with the provincial legislation*. And that in any event, we have gone through extensive measures . . . in the preparation of the environmental impact assessments, the reviews that have taken place, the scrutiny of the EIS has been quite extensive, both on its land on the Argentinian side, so we don't anticipate that there should be any issues, and as I said, *we're in compliance with our permits and we're in compliance with the provincial legislation*.

305. Defendant Regent's statements in the October 28, 2010 earnings call (§§ 303, 304) were materially false and misleading because in describing the Company's development of the Pascua-Lama mine as "in line" with its budget and that production was scheduled for the first quarter of 2013, Defendant Regent concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company

would not be able to deliver its “low-cost” project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants’ agreement. In other words, Defendants concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders

306. Defendant Regent’s statements in the October 28, 2010 earnings call (¶¶ 303, 304) concerning the absence of an impact of the Pascua-Lama Project on glaciers and the Company’s compliance with applicable legislation, were also false and misleading because Defendants concealed that the Pascua-Lama mining activities were in fact harming glaciers and Barrick was responsible for “very serious” violations of its environmental permits, applicable environmental regulations, or provincial legislation (¶¶ 137-139). For example, Defendants concealed that (i) Barrick had knowingly violated its obligations to put adequate dust control measures into place to prevent harm to the glaciers, which was announced by the Company on February 14, 2013, as having contributed to the halting of its “pre-stripping activities” (¶¶ 91, 127, 137-139); (ii) Barrick had violated its obligations to build agreed to “systems. . . for containing contaminated water” (¶ 139) and an adequate water management system (¶ 95), which also led to the halting of Barrick’s “pre-stripping” and construction activities at Pascua-Lama (¶¶ 127, 137-139); and (iii) the “overall project management structure” was flawed (¶ 119), allowing for construction outside the parameters of environmental impact assessment approved by Chilean regulators.

#### **October 29, 2010 Form 6-K**

307. On October 29, 2010, Defendants filed a Form 6-K with the SEC setting forth Barrick’s operating results for the three-month period ending September 30, 2010. As part of the discussion of operations, Defendants stated:

(a) “At the Pascua-Lama project on the border of Chile and Argentina, detailed engineering and procurement is nearly 90% complete and the project is on track to enter production in the first quarter of 2013. ***The project remains in line with its pre-production capital budget of about \$3.0 billion*** with over 40% of the capital committed”;

(b) “Beyond 2010, we are targeting to increase our annual gold production to 9 million ounces within the next five years. The significant drivers of this production growth include our Pueblo Viejo and Pascua-Lama projects . . . .”; and

(c) “Our activities do not take place on glaciers, and are ***undertaken pursuant to existing environmental approvals*** issued on the basis of comprehensive environmental impact studies that fully considered potential impacts on water resources, glaciers and other sensitive environmental areas around Veladero and Pascua-Lama. ***We have a comprehensive range of measures in place to protect such areas and resources.***”

308. Barrick’s statements in the October 29, 2010 Form 6-K (§ 307) were materially false and misleading because in describing the Company’s development of the Pascua-Lama mine as “in line” with its budget and that production was scheduled for the first quarter of 2013, Defendants concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver its “low-cost” project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants’ agreement. In other words, Defendants concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

**February 17, 2011 Q4 2011 Earnings Call And February 18, 2011 Form 6-K**

309. On February 17, 2011, Defendants hosted an earnings conference call to discuss the Company's Q4 2010 results. During the call, Defendant Regent stated: "we recently completed a thorough line-by-line review of our capital estimates for Pueblo Viejo and Pascua-Lama, and the result of that review came to the conclusion that capital costs would be higher."

310. On February 18, 2011, Defendants filed a Form 6-K with the SEC to discuss Barrick's operations during the 2010 fourth quarter and year end. As part of the discussion of operations, Defendants stated:

(a) *Preproduction capital budgets are expected to be higher than previous estimates by about . . . 10-20% to \$3.3-\$3.6 billion for [] Pascua-Lama. . . .*; and

(b) *First production is expected in the first half of 2013.* Approximately 40% of the capital has been committed, detailed engineering and procurement are more than 90% complete and about 60% of the earthworks necessary for the process plant and mining support facilities have been moved. Construction of the power transmission line has commenced and the new access road is almost 75% complete. Development of the tunnel, which connects the mine in Chile and the process plant in Argentina, is progressing on both sides. (Footnotes omitted.)

311. Defendants' statements during the February 17, 2011 earnings call and in the February 18, 2011 Form 6-K (§§ 309, 310 ) were materially false and misleading because in stating that the preproduction capital budget was "expected to be higher" by "about 10-20%," that production was now scheduled for the first half of 2013, and in discussing the extent of the Pascua-Lama Project's progress, Defendants concealed that:

(a) Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able

to deliver its “low-cost” project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants’ agreement;

(b) at that time, estimates of the cost of operations at the Pascua-Lama Project *for the remaining nine months of 2011 alone* exceeded \$1.05 billion-more than 30% of the publicly acknowledged cost estimate for the entire Project; and

(c) the true extent of the Pascua-Lama Project’s progress was significantly less. In particular, Defendants’ statements concerning positive milestones for earthworks, road construction, and tunneling were false and misleading because as late as March 2011, construction at the Pascua-Lama site had in fact only just begun. (¶ 72).

312. In other words, Defendants’ statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

313. The February 18, 2011 Form 6-K also repeated Defendants’ prior false statements that Barrick’s Pascua-Lama activities “*are undertaken pursuant to existing environmental approvals*” and that “[w]e have a comprehensive range of measures in place to protect such areas and resources.”

314. Defendants’ statements in the February 18, 2011 Form 6-K (¶ 313) concerning the absence of an impact of the Pascua-Lama Project on glaciers and the Company’s compliance with applicable legislation were also false and misleading because Defendants’ concealed that the Pascua-Lama mining activities were in fact harming glaciers and Barrick was responsible for “very serious” violations of its environmental permits, applicable environmental regulations, or provincial legislation (¶¶ 137-139). For example, Defendants concealed that (i) Barrick had knowingly violated its obligations to put adequate dust control measures into place to prevent

harm to the glaciers, which was announced by the Company on February 14, 2013, as having contributed to the halting of its “pre-stripping activities” (¶¶ 91, 127-128); (ii) Barrick had violated its obligations to build agreed to “systems. . . for containing contaminated water” (¶ 139) and an adequate water management system (¶ 95), which also led to the halting of Barrick’s “pre-stripping” and construction activities at Pascua-Lama (¶¶ 137-139); and (iii) the “overall project management structure” was flawed (¶ 119), allowing for construction outside the parameters of environmental impact assessment approved by Chilean regulators.

### **March 7, 2011 Form 6-K**

315. On March 7, 2011, Defendants filed a Form 6-K with the SEC setting forth an amended 2010 Year End Management’s Discussion and Analysis that corrected typographical errors. As part of the discussion of Barrick’s operations, Defendants stated:

(a) “In 2009, we began construction of the Pascua-Lama project on the border between Chile and Argentina, ***which is on track to commence production in the first half of 2013.*** Pre-production capital is expected to increase by 10-20% to \$3.3-\$3.6 billion as a result of a stronger Chilean peso and labor, commodity and other input cost increases in both countries and higher inflation, particularly in Argentina. ***When complete, it is expected to be one of the lowest operating cost gold producing mines in the world.*** The project is a long life asset with an expected mine life of over 20 years”; and

(b) “First production is expected in the first half of 2013. Approximately 40% of the capital has been committed, ***detailed engineering and procurement are more than 90% complete*** and about 60% of the earthworks necessary for the process plant and mining support facilities have been moved. Construction of the power transmission line has commenced and the new access road is almost 75% complete. Development of the tunnel, which connects the mine in Chile and the process plant in Argentina, is progressing on both sides.”



316. Defendants' statements in the March 7, 2011 Form 6-K (§ 315) were materially false and misleading because in stating that the preproduction capital budget was "expected to increase by 10-20%" and that production was now scheduled for the first half of 2013, Defendants concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver its "low-cost" project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants' agreement. In other words, Defendants' statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

317. At that time, estimates of the cost of operations at the Pascua-Lama Project *for the remaining nine months of 2011 alone* exceeded \$1.05 billion—more than 30% of the publicly acknowledged cost estimate for the entire Project (§ 72);

318. The March 7, 2011 Form 6-K (§ 315) also repeated Defendants' prior false statements that Barrick's Pascua-Lama activities "*are undertaken pursuant to existing environmental approvals*" and that "[w]e have a comprehensive range of measures in place to protect such areas and resources."

319. The statements set forth in § 318, concerning the Company's compliance with applicable legislation were also false and misleading because Defendants concealed that the Pascua-Lama mining activities were in fact harming glaciers and Barrick was responsible for "very serious" violations of its environmental permits, applicable environmental regulations, or provincial legislation (§§ 137-139). For example, Defendants concealed that (i) Barrick had knowingly violated its obligations to put adequate dust control measures into place to prevent

harm to the glaciers, which was announced by the Company on February 14, 2013, as having contributed to the halting of its “pre-stripping activities” (§§ 91, 127-128); (ii) Barrick had violated its obligations to build agreed to “systems. . . for containing contaminated water” (§ 139) and an adequate water management system (§ 95), which also led to the halting of Barrick’s “pre-stripping” and construction activities at Pascua-Lama (§§ 137-139); and (iii) the “overall project management structure” was flawed (§ 119), allowing for construction outside the parameters of environmental impact assessment approved by Chilean regulators.

### **March 22, 2011 Forms 6-K**

320. On March 22, 2011, Defendants filed a Form 6-K with the SEC setting forth a Notice of Annual Meeting of Shareholders to be held April 27, 2011. As part of the discussion of performance indicators, Defendants stated: ***“In 2010, Barrick significantly advanced its world-class [] Pascua-Lama project [] and announced targeted growth in gold production to nine million ounces within five years.”***

321. Defendants’ statement in the March 22, 2011 Form 6-K (§ 320) was materially false and misleading because in stating that the Company anticipated a “growth in gold production to nine million ounces within five years” due to production from Pascua-Lama, Defendants concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver its “low-cost” project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants’ agreement. In other words, Defendants’ statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

322. Also on March 22, 2011, Defendants filed a Form 6-K with the SEC setting forth Barrick's Annual Report for 2010 (the "2010 Annual Report"). As part of the discussion of operations, the 2010 Annual Report stated:

(a) ***"[Our] Pascua-Lama project[.] . . will soon be contributing significant quantities of gold to our total production, again at low cash costs";***

(b) ***"Major progress was made in 2010 on advancing construction of the world-class Pascua-Lama gold-silver project on the border of Chile and Argentina, which is expected to enter production in the first half of 2013. As of February 2011, approximately 40% of the preproduction budget of about \$3.3-\$3.6 billion had been committed";***

(c) ***"As of February 2011, detailed engineering had been advanced to more than 90% completion. The four kilometer long ore tunnel connecting the mine in Chile with the processing plant in Argentina has been collared from both sides and is expected to be completed in the second half of 2012. Construction of the power transmission line is underway and the new access road is about 75% complete";*** and

(d) ***"With 17.8 million ounces of gold reserves and 671 million ounces of silver contained within the gold reserves, Pascua-Lama is expected to contribute very low cost ounces to Barrick over a mine life in excess of 25 years."***

323. Defendants' statements in the 2010 Annual Report (¶ 322) were materially false and misleading because in stating that the Project was "at low cash cost[.]," that the preproduction capital budget was "\$3.3-3.6 billion," that production was now scheduled for the first half of 2013, and in discussing the extent of the Project's progress, Defendants concealed that:

(a) Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver its “low-cost” project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants’ agreement;

(b) at that time, estimates of the cost of operations at the Pascua-Lama Project *for the remaining nine months of 2011 alone* exceeded \$1.05 billion—more than 30% of the publicly acknowledged cost estimate for the entire Project (¶ 72); and

(c) the true extent of the Pascua-Lama Project’s progress was significantly less. In particular, Defendants’ statements concerning positive milestones for earthworks, road construction, and tunneling were false and misleading because as late as March 2011, construction at the Pascua-Lama site had in fact only just begun (¶ 72).

324. Defendants also repeated their previous false statements that Barrick’s Pascua-Lama activities “*are undertaken pursuant to existing environmental approvals*” and that “[w]e *have a comprehensive range of measures in place to protect such areas and resources.*”

325. Defendants’ statements in the February 18, 2011 Form 6-K set forth in ¶ 324 concerning Barrick’s environmental compliance were materially false and misleading because Defendants concealed that the Pascua-Lama mining activities were in fact harming glaciers and Barrick was responsible for “very serious” violations of its environmental permits, applicable environmental regulations, or provincial legislation (¶¶ 137-139). For example, Defendants concealed that (i) Barrick had knowingly violated its obligations to put adequate dust control measures into place to prevent harm to the glaciers, which was announced by the Company on February 14, 2013, as having contributed to the halting of its “pre-stripping activities” (¶¶ 91,

127-128); (ii) Barrick had violated its obligations to build agreed to “systems. . . for containing contaminated water” (§ 139) and an adequate water management system (§ 95), which also led to the halting of Barrick’s “pre-stripping” and construction activities at Pascua-Lama (§§ 137-139); and (iii) the “overall project management structure” was flawed (§ 119), allowing for construction outside the parameters of environmental impact assessment approved by Chilean regulators.

**March 31, 2011 Form 40-F (Filed on March 31, 2011)**

326. On March 31, 2011, Defendants filed a Form 40-F with the SEC setting forth the Company’s audited financial statements and related full-year information for 2010. As part of the discussion of Barrick’s operations, Defendants stated:

(a) *“Pascua-Lama’s pre-production capital is expected to be between \$3.3-\$3.6 billion. First production is expected in the first half of 2013”*; and

(b) *“Barrick’s activities at the Pascua-Lama Project . . . are undertaken pursuant to existing environmental approvals . . . that fully considered potential impacts on water resources, glaciers and other sensitive environmental areas around the project. Barrick has implemented a comprehensive range of measures in place to protect such areas and resource.”*

327. Defendants’ statements in the 2010 Annual Report as set forth in § 326 were materially false and misleading by omission for the reasons previously articulated in §§ 323 and 325.

**April 5, 2011 Form 6-K**

328. On April 5, 2011, Defendants filed a Form 6-K with the SEC setting forth a technical report on the Pascua-Lama Project pursuant to Section 4.2(1)6 of National Instrument 43-101, *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators.

As part of this report, Defendants repeated that Pascua-Lama's expected pre-production capital is between "\$3.3-\$3.6 billion" and that first production is expected in the first half of 2013.

329. Defendants' April 5, 2011 Form 6-K also repeated Barrick's previously made false statements that "Barrick has implemented plans to comply with the conditions of the environmental approvals and has obtained the key permits and authorizations for project construction. Monitoring against the environmental baseline, public consultation and the development and implementation of environmental management plans are ongoing as project construction activities ramp up."

330. Defendants' statements in the April 5, 2011 Form 6-K as set forth in ¶¶ 328 and 329 were materially false and misleading for the same reasons set forth in ¶¶ 323 and 325 above.

**April 27, 2011 Earnings Call And April 28, 2011 Form 6-K**

331. On April 27, 2011, Defendants hosted an earnings conference call to discuss the Company's Q1 2011 results. During the call, Defendant Regent once again reaffirmed that "[a]t Pascua-Lama, initial production continues to be expected the first half of 2013."

332. When asked about the Company's target of producing 9 million ounces of gold in 2015, Defendant Regent stated that "the biggest increases will come from our new mines, Pueblo Viejo and Pascua-Lama. . . . [T]he bulk of it is coming from Pueblo Viejo and Pascua-Lama."

333. For the same reasons set forth in ¶ 323, Defendant Regent's statements on the April 27, 2011 earnings call (¶¶ 331-332) were materially false and misleading by omission.

334. On April 28, 2011, Defendants filed a Form 6-K with the SEC setting forth Barrick's operating results for the three-month period ending March 31, 2011, wherein Defendants repeated that Pascua-Lama's expected pre-production capital is between "\$3.3-\$3.6 billion" and that first production is expected in the first half of 2013. Defendants also

misrepresented that they expected to “spend . . . a total of about \$3.0 billion to fund the remaining construction activities at Pueblo Viejo and Pascua-Lama.”

335. Defendants also repeated their previously made false statements that Barrick’s Pascua-Lama activities “*are undertaken pursuant to existing environmental approvals*” and that “*[w]e have a comprehensive range of measures in place to protect such areas and resources.*”

336. Defendants’ statements in the April 28, 2011 Form 6-K (¶¶ 334-335) were materially false and misleading by omission for the same reasons set forth in ¶¶ 323 and 325 above.

#### **The 2011 Goldman Sachs Conference**

337. On May 25, 2011, Defendant Regent participated in the 2011 Goldman Sachs Basic Materials Conference (“2011 GS Conference”) in New York. As part of the prepared presentation, Defendant Regent presented a slide titled “Pascua-Lama Project Update,” which stated in relevant part that the Pascua-Lama Project was on track for first production in the first half of 2013 and had an expected preproduction capital budget of between \$3.3 and \$3.6 billion.

338. The statements in ¶ 337 were materially false and misleading by omission for the reasons set forth in ¶ 323 above.

339. On June 1, 2011, Barrick and its subsidiary, Barrick North America Finance LLC (“BNAF”), entered into an indenture agreement pursuant to which Barrick and BNAF each issued and sold two series of notes with a collective principal amount of \$4 billion under various maturity and interest terms (the “2011 Private Notes”). The 2011 Private Notes were not registered with the SEC.

**June 27, 2011 Form F-9**

340. On June 27, 2011, Defendants filed a Form F-9 Registration Statement with the SEC for an offer to exchange the 2011 Private Notes for notes with substantially identical terms that were registered with the SEC pursuant to the Securities Act of 1933 (the “2011 Exchange”). The registration statement for the 2011 Exchange informed investors of the terms of the Silver Sale Agreement, including its value to the Company:

During 2010 we received cash payments of \$137.5 million (2009: \$213 million). ***Providing that construction continues to progress at Pascua-Lama, we are entitled to receive additional cash payments totaling \$275 million in aggregate over the next two anniversary dates of the agreement.***

The final amended registration statement for the 2011 Exchange was filed on August 3, 2011. The 2011 Exchange was concluded in or about September 2011. Defendants Regent and Sokalsky signed the registration statement.

341. Defendants’ statement that “[p]roviding that construction continues to progress at Pascua-Lama, we are entitled to receive additional cash payments totaling \$275 million in aggregate over the next two anniversary dates of the agreement” was materially false and misleading because Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver its “low-cost” project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants’ agreement. In other words, Defendants’ statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

342. The registration statement for the 2011 Exchange incorporated by reference, in relevant part, Barrick’s March 31, 2011 Form 40-F, and interim unaudited consolidated financial



statements of Barrick for the three months ended March 31, 2011, including consolidated balance sheets as at March 31, 2011, December 31, 2010 and January 1, 2010, consolidated statements of income, cash flow and comprehensive income for the three months ended March 31, 2011 and March 31, 2010 and consolidated statements of changes in equity for the periods ended March 31, 2011 and March 31, 2010 and related notes, and management's discussion and analysis of Barrick for the three months ended March 31, 2011.

343. The statements incorporated by referenced from these filings were materially false and misleading for the reasons set forth above at ¶¶ 341 and for those previously set forth in ¶¶ 336, 465.

#### **July 28, 2011 Earnings Conference Call**

344. On July 28, 2011, Defendants hosted an earnings call to discuss Barrick's Q2 2011 results. During the call, Defendant Regent announced an increase in capital costs from \$3.3-3.6 billion (announced in February 2011) to "\$4.7 billion and \$5 billion." In connection with this increase, Defendants reported:

We have concluded that *based on current trends*, certain of our earlier estimates are not achievable, including those for productivity rates and the inflationary effects on cost, as well as for required quantities of certain construction material such as steel and cement. In addition, the Company has increased estimated expenditures to essentially maintain the schedule for bringing the project into production in mid-2013.

\* \* \*

At Pascua-Lama, capital costs have been impacted by the global cost trends facing the industry.

345. Defendants also made statements reaffirming the significant value of this asset, including (i) "Pascua-Lama is a high-quality, world-class deposit"; (ii) "Average annual gold production has increased to 800,000 to 850,000 ounces in the first full 5 years of operation";

(iii) “Average annual silver production for the first full 5 years is expected to be about 35 million ounces”; and (iv) “We have 2 world-class projects that are nearing production within the next few years and are anticipated to generate, combined, annual EBITDA of around \$2.8 billion at today’s prices. The impact of these 2 mines will lower our overall unit costs by about 20%.”

346. During the question-and-answer session that followed the prepared remarks, analysts tried to make sense of the increase:

**Greg Barnes** - TD Newcrest/Waterhouse Securities - Analyst

Aaron, . . . I’m a little surprised by the requirement for additional material like steel and cement at Pascua-Lama given the stage that project is already at. I was wondering what’s happened to cause that.

347. In response Defendant Regent conceded that “earlier estimates were light” and, contrary to their prior statements, were based on “generic project” assumption, not the extraordinary and unique circumstances of Pascua-Lama:

The *earlier estimates were light*. When you look at the benchmarking of quantities required for a generic project, assumptions that were used for this project were consistent and in line with that. When you look at the location of Pascua-Lama, particularly the winter conditions where there’s significant winds, snow. As an example, structural steel, as a consequence, a lot more structural steel was required to fortify the facility housing the processing plant.

That’s an example where when you look at previous estimates, they looked reasonable. But *when you have to incorporate the environment that Pascua is located - additional quantities were necessary to re-fortify the facility*. So that’s an example of something that has added to the quantities.

348. Defendant Regent’s statements in ¶¶ 344-347, including that the change in estimates was “based on current trends,” which demonstrated to Defendants that “earlier estimates are not achievable,” were materially false and misleading because they concealed that:

(a) Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver its “low-cost” project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants’ agreement;

(b) internal reports confirmed that Defendants’ new cost estimates were improper and based on a methodology for determining its cost estimate that was fatally flawed (§§ 75-77);

(c) at that time, estimates of the cost of operations at the Pascua-Lama Project *for the remaining nine months of 2011 alone* exceeded \$1.05 billion—more than 30% of the publicly acknowledged cost estimate for the entire Project (§ 72); and

(d) internal Pascua-Lama Monthly Progress Reports, including a report generated in July 2011, identified the “grave danger” of the Project “being paralyzed” as a result of the Company’s continued failure to meet certain of its environmental conditions (§ 94).

349. In other words, Defendants concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

#### **July 29, 2011 Form 6-K**

350. On July 29, 2011, Defendants filed a Form 6-K with the SEC setting forth Barrick’s operating results for the three-month period ending June 30, 2011. As part of the discussion of Barrick’s operations, Defendants repeated that capital costs had increased to “\$4.7 billion and \$5 billion,” repeating many of the same reasons for the increase as articulated during the July 29 earnings call:

The Company has concluded that, *based on current trends*, certain earlier estimates and assumptions are *not achievable*, including those for productivity rates and inflationary effects on costs, as

well as for required quantities of certain construction materials such as steel and cement.

\* \* \*

Since the 2009 feasibility study (which estimated pre-production capital at \$2.8-\$3.0 billion), costs for key consumables have increased materially

351. Defendants also made statements in the July 29, 2011 Form 6-K reaffirming the significant value of this asset, including (i) “Pascua-Lama is a high quality, world class resource”; (ii) “Expected average annual gold production for Pascua-Lama has increased to 800,000–850,000 ounces in the first full five years of operation at negative total cash costs”; (iii) “Average annual silver production for the first full five years is expected to be about 35 million ounces”; (iv) “Pascua-Lama is expected to generate approximately \$1.9 billion of average annual EBITDA in its first full five years of operation”; and (v) “At the end of the second quarter, engineering design was about 90% complete. In Chile, earthworks were more than 80% complete.”

352. Defendants’ statements attributing the increase in costs to “current trends” and factors that had just arisen were false and misleading because they concealed that prior to 2009 significant indicia existed (¶¶ 63-69 ) that made clear this Project was “not achievable” within the budget or schedule disclosed to shareholders. The statements in ¶¶ 350-351 are further materially false and misleading by omission for the same reasons articulated in ¶ 348.

353. Defendants also repeated their previously made false statements that Barrick’s Pascua-Lama activities “*are undertaken pursuant to existing environmental approvals*” and that “[w]e have a comprehensive range of measures in place to protect such areas and resources.” These statements were materially false and misleading by omission for the reasons set forth in ¶ 325.

**Barrick's September 2011 Investor Day Presentation**

354. On September 7, 2011, Defendants hosted an Investor Day presentation. During the presentation, Defendants Gonzales and Regent made the following false and misleading statements: (i) "Pascua-Lama[ is] going to be producing in [] the short term - . . . Pascua-Lama 2 years from now"; (ii) "Pascua-Lama represents a long life asset for the region that will contribute very low cost production"; (iii) "An update on the status of Pascua-Lama - preproduction capital is estimated at \$4.7 billion to \$5 billion"; (iv) "Pascua-Lama will bring significant production at very low, very competitive cash costs"; and (v) "the Pascua-Lama project increase of costs is due to some of the consumables, concrete, steel, cost of labor, some of the electrical materials."

355. Defendants' statements at the Investor Day Presentation (§ 354) were false and misleading because Defendants concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver its "low-cost" project: (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants' agreement. In other words, Defendants' statements concealed that the Project was not economically or technically feasible under the parameters Defendants disclosed to shareholders

**October 27, 2011 Earnings Conference Call**

356. On October 27, 2011, Defendants hosted an earnings conference call to discuss Q3 2011 results. During that call, Defendant Regent made statements about the continued success of the Project, including: (i) "Our *projects and construction remain on track*"; (ii) "*At Pascua-Lama, initial production continues to be anticipated in the mid-2013*", and the project is expected to contribute to Barrick production of around 800,000 to 850,000 ounces in the first full

five years”; (iii) “Annual silver production for the first full five years is expected to be 35 million ounces. And for every \$1 per ounce increase in the *silver price total cash costs are expected [to] decrease by about \$35 per ounce*”; (iv) “Preproduction *capital is estimated to be \$4.7 billion to \$5 billion*, of which about 50% have been committed at the end of the third quarter”; (v) “the project is expected to generate approximately \$1.7 billion of average annual EBITDA”; (vi) “*Pascua-Lama is probably one of, if not close to, the lowest cost mine in the world*”; and (vii) “We have a growing production base with a strong development and project pipeline. . . . *Pascua-Lama [is] going to be producing in the short term . . . [in] less than two years from now.*”

357. In addition, Defendant Sokalsky stated:

(a) “*If we take our targeted growth in production to 9 million ounces, which brings in about 1.5 million ounces at significantly lower cash cost from both Pueblo Viejo and Pascua-Lama*, plus strong gold and copper prices, that should result in continued margin growth on more ounces and ultimately greater returns to our shareholders”; and

(b) “*As I mentioned, within the next five years we continue to target production to grow to 9 million ounces with contributions from Pueblo Viejo and Pascua-Lama and other organic opportunities.*”

358. Defendants’ statements on the October 27, 2011 earnings call (¶¶ 356-357) were materially false and misleading because in stating that the budgeted pre-production capital was now estimated at \$4.7-\$5.0 billion, that production was expected for mid-2013, and in discussing the benefits to arise from the Pascua-Lama Project, Defendants concealed that:

(a) Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able

to deliver its “low-cost” project (i) within the timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants’ agreement;

(b) internal reports confirmed that Defendants’ new cost estimates were improper and based on a methodology for determining its cost estimate that was fatally flawed (§§ 75-77);

(c) at that time, estimates of the cost of operations at the Pascua-Lama Project *for the remaining nine months of 2011 alone* exceeded \$1.05 billion-more than 30% of the publicly acknowledged cost estimate for the entire Project (§ 72); and

(d) internal Pascua-Lama Monthly Progress Reports, including a report generated in July 2011, identified the “grave danger” of the Project “being paralyzed” as a result of the Company’s continued failure to meet certain of its environmental conditions (§ 94).

359. In other words, Defendants’ statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

#### **November 1, 2011 Form 6-K**

360. On November 1, 2011, Defendants filed a Form 6-K with the SEC setting forth Barrick’s operating results for the three-month period ending September 30, 2011. As part of the discussion of Barrick’s operations, Defendants stated:

(a) “The development of the . . . Pascua-Lama [Project] advanced during the third quarter with first production on track to commence in . . . mid-2013”; and

(b) “Our activities . . . *are undertaken pursuant to existing environmental approvals* issued on the basis of comprehensive environmental impact studies that fully considered potential impacts on water resources, glaciers and other sensitive environmental areas

around . . . Pascua-Lama. *We have a comprehensive range of measures in place to protect such areas and resources.*”

361. Defendants’ statement in ¶ 360 were materially false and misleading for the same reasons stated in ¶¶ 325 and 358.

#### **December 14, 2011 Written Informational Statement**

362. In a December 14, 2011 Company response to concerns about the Pascua-Lama Project’s impact on local glaciers raised by an environmental group, Defendants issued a written informational statement that asserted:

*the company has implemented a glacier monitoring program for the entire Pascua-Lama project area*, along with additional requirements associated with glacier protection *as mandated in the project’s environmental* approval by Chilean authorities after extensive public input.

*the company has put in place a range of measures to mitigate the potential impact of dust emissions on glaciers. All of those measures have been incorporated into the project’s Environmental Impact Statement (EIA), which was approved by environmental authorities.* During the [environmental impact assessment] revision process, it was determined that *the Pascua-Lama project will not generate damaging dust accumulation in areas where glaciers are present. The project will put in place a set of dust abatement and control measures* such as road watering and proper road planning.

363. The December 14, 2011 statements (¶ 362) were materially false and misleading because Defendants concealed that (i) the Pascua-Lama mining activities were in fact harming glaciers (¶¶ 92-93, 107-108); (ii) Barrick was responsible for “very serious” violations of its environmental permits, applicable environmental regulations, or provincial legislation (¶¶ 137-139); and (iii) that Defendants knowingly violated its EIA obligations approved by environmental authorities to put adequate dust control measures into place to prevent harm to the glaciers, which was announced by the Company on February 14, 2013, as having contributed to



the halting of its “pre-stripping activities” (¶¶ 91, 127-128); and (iv) the “overall project management structure” was flawed (¶ 119), allowing for construction outside the parameters of environmental impact assessment approved by Chilean regulators. Furthermore, Defendants’ statements concealed that the Project was not economically, technically, or environmentally feasible under the parameters they disclosed to shareholders.

### **February 16, 2012 Earnings Call**

364. On February 16, 2012, Defendants hosted an earnings call to discuss Q4 2011 results. During the call, Defendant Regent stated:

(a) “We continue to advance our two world-class mines, Pueblo Viejo and Pascua-Lama. We’re a year closer to getting production from these two mines. PV will be producing the middle of this year and Pascua-Lama the middle of next year. . . . These mines will produce - combined, will produce or contribute around 1.5 million ounces of low-cost ounces to the Company”;

(b) “So, turning to Pascua-Lama, about 55% of the capital of this project has been committed. And again, *we continue to expect first production in the middle of 2013*. Pascua-Lama will produce on average about 800,000 to 850,000 ounces of gold at a negative cash cost around \$225 to \$275 per ounce”;

(c) “In terms of our growth aspirations, the targets we set out before continue to be the same. *We’re targeting gold production of 9 million ounces by 2016*”; and

(d) “We’ve talked about this before, but [] *Pascua-Lama will have a substantial impact on the financial profile of Barrick*. . . .the EBITDA contribution from Pascua will be about \$1.65 billion per year. So [this is a] *very attractive, robust mine[] and will be major contributor[] to the Company for some years to come.*”

365. During the question-and-answer session that followed, the following conversation took place:

**Elizabeth Collins** - Morningstar - Analyst

*How likely is it that we'll end up seeing preproduction capital costs higher than \$5 billion? . . . .*

**Aaron Regent** - Barrick Gold Corporation - President and CEO

Like I said in my comments, *we're still tracking within the range of the CapEx numbers that we've set out in the schedule. . . .*

Whether or not we go above that range, I think it's too early to say at this point.

366. Defendant Regent's statements on the February 16, 2012 earnings call (¶¶ 364-365) were false and misleading because in stating that the budgeted pre-production capital was now estimated at approximately \$5.0 billion, that production was expected for mid-2013, and that this mine would be a *"major contributor[] to the Company for some years to come,"* Defendants concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver the Pascua-Lama Project (i) within this new timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants' agreement. In other words, Defendants' statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

367. Defendant Regent's response to the Morningstar analyst that it was "too early to say" if Barrick's capital costs would exceed \$5 billion were further false and misleading because Defendant Regent concealed that even before 2009, Defendants knew Barrick could not achieve the development of the Project within its \$5 billion budget.

**February 17, 2012 Form 6-K**

368. On February 17, 2012, Defendants filed a Form 6-K with the SEC setting forth its operating results for the three-month and full-year periods ending December 31, 2011. As part of its discussion of its operations, and under the heading of “Investing in and Developing High Return Projects,” Defendants stated:

(a) ***“The world-class Pueblo Viejo and Pascua-Lama projects are on track to enter production in mid-2012 and mid-2013, respectively.*** These two mines are expected to contribute about 1.5 million ounces of low cost annual production and provide combined annual average EBITDA of about \$2.5 billion to Barrick in their first full five years”; and

(b) ***“Average annual gold production from Pascua-Lama is expected to be 800,000–850,000 ounces*** in the first full five years of operation at ***negative total cash costs*** of \$225-\$275 per ounce based on a silver price of \$25 per ounce.” (Footnotes omitted.)

369. The Defendants’ statements in the February 17, 2012 Form 6-K (¶ 368) were false and misleading because in stating that the production at Pascua-Lama was expected in mid-2013 and that there would be 800,000-850,000 ounces produced in the first five years at negative cash costs Defendants concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver the Pascua-Lama Project (i) within this timeframe disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants’ agreement. In other words, Defendants’ statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

**March 27, 2012 Form 6-K, The 2011 Annual Report**

370. On March 27, 2012, Defendants filed a Form 6-K with the SEC setting forth its Annual Report for 2011. As part of the discussion of operations, Defendants' stated:

(a) "[W]e continue to make progress on our Pascua-Lama project on the border of Chile and Argentina. Once in production, Pascua-Lama will be one of the lowest cost gold mines in the world. This project is expected to begin producing in 2013, with average annual gold production of 800,000-850,000 ounces at negative total cash costs of \$225 - \$275 per ounce . . . .[T]his mine is expected to generate approximately \$1.65 billion in average annual EBITDA for Barrick over this same period"; and

(b) "Our two large gold projects in construction, Pueblo Viejo and Pascua-Lama, possess key attributes of truly superior gold mines. Both have long lives well in excess of the average gold mine and are expected to contribute about 1.5 million ounces of low cost annual gold production to Barrick over the first full five years of operation. With these two projects as the main drivers, Barrick is targeting growth in gold production to about 9 million ounces by 2016."

371. In the same March 7, 2012 Form 6-K, Defendant Kinver described Pascua-Lama as having "key attributes of the highest quality gold mines - significant production, low cash costs and [a] 25-year-plus mine [life]" adding that he looked forward to it "making a substantial positive impact on Barrick's overall production and cash cost profile."

372. On March 28, 2012, Defendants filed an annual report on Form 40-F with the SEC setting forth the Company's audited financial statements and related full-year information for 2011 (the "2011 Annual Report"). Defendants reported that Pascua-Lama was "at an advanced stage at December 31, 2011." As part of the discussion of Barrick's operations, Defendants repeated that:

(a) “The successful development of Barrick’s projects is expected to have a significant impact on Barrick’s future operations. *Barrick expects to have three new mines entering production in the next two years . . . Pascua Lama in 2013.* For 2012, subject to permitting and other matters . . . Barrick expects to spend approximately \$2.60 to \$2.75 billion (2011: \$2.25 billion) of its total capital expenditures on capital projects, primarily related to construction activities at Pueblo Viejo and Pascua Lama”;

(b) “Approximately 55% of the previously announced pre-production capital of \$4.7–\$5.0 billion has been committed and first production is expected in mid-2013”; and

(c) “We are targeting to increase our annual gold production to nine million ounces by 2016. The significant drivers of this production growth include our Pueblo Viejo and Pascua-Lama projects, as well as various expansionary opportunities at our existing operating mines.”

373. The 2011 Annual Report also repeated:

*Barrick’s activities* at the Pascua-Lama Project do not take place on glaciers, and *are undertaken pursuant to existing environmental approvals* issued on the basis of comprehensive environmental impact studies that fully considered potential impacts on water resources, glaciers and other sensitive environmental areas around the project. *Barrick has implemented a comprehensive range of measures to protect such areas and resources.*

374. The Defendants’ statements in the March 27, 2012 Form 6-K and the 2011 Annual Report (¶¶ 370-373) were false and misleading because in stating that the production at Pascua-Lama was expected in mid-2013, that capital costs were still \$4.7-\$5.0 billion, and that the “drivers of [] production growth” included Pascua-Lama, Defendants concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver the Pascua-Lama Project

(i) within this timeframe or budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants' agreement. In other words, Defendants' statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

375. Additionally, Defendants' statements concerning the Pascua-Lama Project's non-impact on glaciers and the "comprehensive range of measures" the Company employed to protect such areas and resources (§ 373) were materially false and misleading by omission for the reasons given in § 363.

#### **April 20, 2012 F-10 Registration Statement**

376. On March 29, 2012, Barrick entered into a debt securities purchase agreement pursuant to which the Company issued and sold two series of notes with a collective principal amount of \$2 billion under various maturity and interest terms (the "2012 Private Notes"). The 2012 Private Notes were not registered with the SEC.

377. On April 20, 2012, Defendants filed a Form F-10 Registration Statement with the SEC for an offer to exchange the 2012 Private Notes for notes with substantially identical terms that were registered with the SEC pursuant to the Securities Act of 1933 (the "2012 Exchange"). The registration statement for the 2012 Exchange incorporated by reference, in all relevant parts, the Company's 2011 Form 40-F filed on March 28, 2012, including Defendants' statements describing the cost estimates, progress, and environmental compliance of the Pascua-Lama Project. The final amended registration statement for the 2012 Exchange was filed on May 9, 2012, and became effective on May 11, 2012. Defendants Regent and Sokalsky signed the registration statement.

378. The statements in the April 20, 2012 F-10 Registration Statement (§§ 423, 479, 505) were false and misleading by omission for the same reasons set forth in §§ 422, 480, 506.

**May 2, 2012 Earnings Conference Call**

379. On May 2, 2012, Defendants hosted an earnings call to discuss Barrick's Q1 2012 results. During the call, Defendant Regent stated:

(a) "At the Pascua-Lama project, overall construction is about 30% complete and first production is anticipated in mid-2013";

(b) "Average annual gold production in the first five years of operation is expected to be between 800,000 and 850,000 ounces, and we are also expected to produce about 35 million ounces of silver"; and

(c) "Pascua-Lama is expected to generate about \$1.65 billion of EBITDA to the Company. . . . [this is a] world-class mine[] and with a 25-year-plus mine life they will be [a] major contributor[] to the Company well into the future."

380. Defendant Regent's statements on the May 2, 2012 earnings call (¶¶ 379) were false and misleading because in stating that the production at Pascua-Lama was expected in mid-2013, Defendants concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver the Pascua-Lama Project (i) within this timeframe disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants' agreement. In other words, Defendants' statements concealed that the Project was not economically or technically feasible under the parameters they disclosed to shareholders.

381. During the question-and-answer session that followed the prepared remarks on the May 2, 2012 earnings call, the following conversation took place:

**Greg Barnes** - TD Securities - Analyst

Aaron, on Pascua-Lama you made some comments about the detailed review in Q2 on the schedule and on the CapEx. Does it look like you are slipping from the second half of 2013 startup?

**Aaron Regent** - Barrick Gold Corporation - President & CEO

[w]e are still working towards that date. We have had some slippage in some areas. We have made progress in other areas. . . . as you can expect in a project like this, there is a lot of moving pieces . . . .

So I think what we are just highlighting is that we are working in an environment where it is challenging and there are pressures from a cost perspective - inflationary pressures in Argentina as an example. *Productivity issues at altitude.*

382. Defendant Regent's response to the TD Securities analyst's question was materially false and misleading by omission for the reasons set forth in ¶ 381 above, and left the misleading impression that new factors and unforeseen circumstances may impact the Company's ability to deliver Pascua-Lama in the publicly disclosed schedule, an impression belied by the following: (i) even before 2009, the Project was not economically or technically feasible within the disclosed timeframe and corresponding budget (¶¶ 64-67), and (ii) far from being unfamiliar and unaware of the "productivity issues at altitude," Defendants commenced the Project by focusing shareholders on their successes at a neighboring mine dealing with high altitudes, productivity issues, and challenging weather (¶ 60).

#### **May 3, 2012 Form 6-K**

383. On May 3, 2012, Defendants filed a Form 6-K with the SEC setting forth the Company's operating results for the three-month period ending March 31, 2012. As part of the discussion of Barrick's operations, Defendants stated: "At the Pascua-Lama project, about 70 percent of the previously announced mine construction capital of \$4.7-\$5.0 billion has been committed. First production is anticipated in mid-2013."



384. Defendants' statements in the May 3, 2012 Form 6-K (§ 383) were false and misleading by omission for the same reasons as those set forth in § 380.

**July 26, 2012 Form 6-K And Earnings Call And July 27, 2012 Form 6-K**

385. On July 26, 2012, less than eight weeks after filing Barrick's Form 6-K with results for the first quarter of 2012-Defendants issued a press release setting forth its results of Barrick's operations for the Q2 2012. Included in this press release was a significant, negative revision to the cost projections and production schedule for the Pascua-Lama Project: "initial gold production [was] expected in mid-2014 [*i.e.*, a full year's delay], with an approximate 50-60 percent increase in capital costs from the top end of the previously announced estimate of \$4.7-\$5.0 billion [*i.e.*, to \$8 billion]."

386. Also on July 26, 2012, Defendants hosted an earnings conference call to discuss the Company's Q2 2012 results. During the call, Defendant Sokalsky stated: (i) "initial gold production is ***now expected in mid-2014 with an approximate 50% to 60% increase*** in capital costs from the top end of our previously announced estimate of \$4.7 billion to \$5 billion"; (ii) "***We didn't learn about the magnitude of these changes until recently***, certainly not up until after I became CEO"; (iii) "***I give you my commitment that we will take corrective actions and we will begin producing gold at low cash costs in 2014***"; (iv) "***The fundamental value of Pascua-Lama remains. Pascua-Lama is a world-class asset***"; and (v) "As a result, we have recalibrated our annual gold production base to 8 million plus ounces by 2015, once Pueblo Viejo and Pascua-Lama are in full production, from the 9 million ounce target we had in 2016."

387. In further describing some of the reasons for the cost increase and schedule delay during the call, Defendant Sokalsky stated: "there are very few projects that have the combination of scale, altitude, extreme weather conditions and cross-border complexities of Pascua-Lama, all issues which further compounded the situation. Although we have experienced

building and operating at high altitudes under extreme weather conditions, such as with the success of our Veladero mine, *this project is of an entirely different scale.*”

388. During the call’s question-and-answer session that followed the prepared remarks, a CIBS analyst, Alec Kodatsky, asked, “given where you have seen CapEx hit, *do you believe that the [Pascua-Lama] project will be able to meet the internal target rates or hurdle rates that you’re targeting now?*” CEO Sokalsky responded affirmatively: “*Yes, I do.*”

389. Defendant Soklasky’s statements on the July 26, 2012 earnings call (¶¶ 385-388) were materially false and misleading because in stating that the production at Pascua-Lama was now expected in mid-2014 and that they “didn’t learn about the magnitude of these changes until recently,” Defendants concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project before 2009 made clear that the Company would not be able to deliver the Pascua-Lama Project (i) within this new timeframe disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants’ agreement. In other words, Defendants’ statements concealed that the Project was not economically or technically feasible under even the revised parameters they disclosed to shareholders.

390. Further, the statements regarding the reasons for the cost and schedule increase being related to unanticipated circumstances created by “building and operating at high altitudes under extreme weather conditions” was materially false and misleading by omission for the reasons set forth in ¶ 389 above, and left the misleading impression that new factors and unforeseen circumstances may impact the Company’s ability to deliver Pascua-Lama in the publicly disclosed schedule, an impression belied by Defendants’ prior statements focusing

shareholders on their successes at a neighboring mine dealing with high altitudes, productivity issues, and challenging weather (§ 60).

391. On July 27, 2012, Defendants filed a Form 6-K with the SEC setting forth the Company's operating results for the three-month period ending June 30, 2012. As part of the discussion of Barrick's operations, Defendants acknowledged the problems Barrick faced but continued to tout a first-production in mid-2014:

Preliminary results currently indicate an approximate 50-60 percent increase in capital costs from the top end of the previously announced estimate of \$4.7-\$5.0 billion, *with first production expected in mid-2014*. The company will provide a further progress update with third quarter results.

392. For the reasons set forth in § 389, this statement was false.

393. As part of the July 27, 2012 Form 6-K, Defendants also assured: "Our activities . . . *are undertaken pursuant to existing environmental approvals* issued on the basis of comprehensive environmental impact studies that fully considered potential impacts on water resources, glaciers and other sensitive environmental areas around Veladero and Pascua-Lama. *We have a comprehensive range of measures in place to protect such areas and resources.*"

394. Defendants' statements in the July 27, 2012 Form 6-K (§ 393) concerning the absence of any impact of the Pascua-Lama Project on glaciers and the Company's "comprehensive range of measures in place to protect such areas and resources" were also false and misleading for the same reasons set forth in § 363.

#### **November 1, 2012 Earnings Call And November 2, 2012 Form 6-K**

395. On November 1, 2012, Defendants hosted an earning call to discuss Barrick's Q3 2012 earnings. During the call, Defendants were once again forced to admit that they had undercapitalized the Pascua-Lama Project. Defendant Sokalsky stated:

(a) “[O]ur confidence level has substantially increased and work to date suggests the capital costs will be closer to \$8 billion to \$8.5 billion with first production in the second half of 2014. Delays in the earth works and underground works for the process plant are the primary reason for the indicated shift in schedule”;

(b) “I would also like to reiterate that Pascua-Lama, while it has its challenges, is a world class asset. Annual gold and silver production in the first five full years is expected to average 800,000 to 850,000 ounces and 35 million ounces of silver at total cash costs of zero to negative \$150 per ounce based on a silver price assumption of \$25 per ounce. This will be a mine with a 25-year mine life providing significant low cost production to Barrick for many years to come”; and

(c) “We’re very focused on profitable production. Our annual gold production is expected to be about 8 million ounces by 2016.”

396. Defendant Soklasky’s statements on the November 1, 2012 earnings call (¶ 395) were false and misleading because in stating that the production at Pascua-Lama was now expected in the second half of 2014, Defendants concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the Company would not be able to deliver the Pascua-Lama Project (i) within this new timeframe disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants’ agreement. In other words, Defendants’ statements concealed that the Project was not economically or technically feasible under even the revised parameters they disclosed to shareholders

397. On November 2, 2012, Defendants filed a Form 6-K with the SEC setting forth Barrick's operating results for the three-month period ending September 30, 2012. As part of the discussion of Barrick's operations, Defendants stated

(a) "This review will be complete by our 2012 year-end results release; however, work to date suggests capital costs will be closer to \$8.0-\$8.5 billion, with first production in the second half of 2014"; and

(b) "Our activities . . . *are undertaken pursuant to existing environmental approvals* issued on the basis of comprehensive environmental impact studies that fully considered potential impacts on water resources, glaciers and other sensitive environmental areas around Veladero and Pascua-Lama. *We have a comprehensive range of measures in place to protect such areas and resources.*"

398. The statements in the November 2, 2012 Form 6-K (¶ 397) were materially false and misleading by omission for the same reasons set forth in ¶ 396.

399. Moreover, the Defendants' statement in the November 2, 2012 Form 6-K (¶ 397) that Barrick "ha[d] a comprehensive range of measures in place to protect such areas and resources" was false and misleading by omission for the reasons set forth in ¶ 363.

#### **January 2013 CIBC World Markets Whistler Institutional Investor Conference**

400. On January 24, 2013, Defendants participated in the CIBC World Markets Whistler Institutional Investor Conference (the "2013 CIBC Conference"). During the 2013 CIBC Conference, Defendant Al-Joundi stated that "we expect [Pascua-Lama] to go into production at the second half of 2014."

401. The statement by Defendant Al-Joundi at the 2013 CIBC Conference (¶ 400) was false and misleading because Defendants concealed that Project personnel, the Bechtel Report, and the environmental and logistical challenges of the Project made clear before 2009 that the

Company would not be able to deliver the Pascua-Lama Project (i) within this new timeframe or in the new budget disclosed to shareholders; or (ii) in compliance with the terms of the environmental impact assessment that the Chilean regulators approved based on Defendants' agreement. In other words, this statement concealed that the Project was not economically or technically feasible under even the revised parameters disclosed to shareholders.

**February 14, 2013 Earnings Call And February 15, 2013 Form 6-K**

402. On February 14, 2013, Defendants hosted an earnings call to discuss the Company's Q4 2012 results. During the call, Defendant Sokalsky stated:

(a) "We also revised our long-term gold production target from 9 million ounces by 2015 to a higher-quality profitable production base of 8 million ounces by 2016. And when Pueblo Viejo and Pascua-Lama are at full capacity, together they are expected to contribute about 1.5 million ounces of annual average production in the first five full years, at average all-in sustaining cash costs of \$250 to \$350 per ounce";

(b) "Turning to Pascua-Lama. . . . And as I mentioned, I am pleased to report that the expected total mine construction capital remains unchanged, in the range of \$8 billion to \$8.5 billion, and that includes a 15% to 20% contingency on the remaining spend. ***First gold production continues to be targeted for the second half of 2014***"; and

(c) "In the fourth quarter, . . . the pre-stripping activities were halted in Chile to address certain matters that are the subject of ongoing legal and regulatory processes. ***To date, the suspension of the pre-stripping has not changed the target of first production in the second-half of 2014.***"

403. The statements made on the February 14, 2013 call were false and misleading by omission for the same reasons set forth in ¶ 401.

404. On the same call, in response to Defendants' disclosure that pre-stripping had been suspended, an RBC Capital Markets analyst asked, "just as a follow-up on the pre-stripping, can you give us sort of where things stand with respect to the ongoing legal and regulatory processes?" In response, Sokalsky asked Defendant Dushnisky, Senior Barrick EVP, to respond. As directed, Dushnisky responded as follows:

First, *in the fourth quarter of last year, there was unusually high wind and dust*. And so, we voluntarily, actually, stopped pre-stripping at that time. *We had discussion with regulators, and there was an agreement that we needed to do certain things to mitigate dust, add suppression measures*, more ventilation in the tunnel, and a monitoring program. Which we are now well underway, and working with the regulators towards. So, that will help us get back on track.

There's also water management . . . *we're having to work with the regulators now to refine the water management system as well*.

405. These statements (§ 404) were materially false and misleading for the reasons set forth in § 401 above. These statements were further false for concealing that these were precisely the issues that had existed on the Project, and were known to Defendants, from at least 2010 onward (§§ 64-67). Similarly, Defendants' response concealed that Barrick's water management system was noncompliant from at least the first quarter 2011, due to the Defendants' unilateral changes to engineering plans concerning water canals, as set forth in §§ 98-100.

406. On February 15, 2013, Defendants filed a Form 6-K with the SEC setting forth the Company's operating results for the three-month and full-year periods ending December 31, 2012. As part of the discussion of Barrick's operations, the Defendants stated: "Expected total mine construction capital remains unchanged in the range of \$8.0 to \$8.5 billion, and includes a contingency of 15-20 percent of remaining capital. *First gold production continues to be targeted for the second half of 2014.*"

407. Defendants' statements in the February 15, 2013 Form 6-K concerning the date for first gold production and the construction capital expenditure were false and misleading by omission for the reasons set forth in ¶ 405.

#### **March 26, 2013 Forms 6-K**

408. On March 26, 2013, Defendants filed a Form 6-K with the SEC setting forth the Company's Annual Report for 2012 (the "2012 Annual Report"), stating:

The Pascua-Lama project . . . is *expected to be one of the world's lowest operating cost gold mines* and will generate significant free cash flow for Barrick once it ramps up to full production. *First production is targeted for the second half of 2014 and mine construction capital is estimated at \$8.0-\$8.5 billion.*

409. Defendants' statement in the 2012 Annual Report (¶ 408) concerning the Company's projected production date and construction capital was materially false and misleading as set forth in ¶ 405.

410. Also on March 26, 2013, Defendants filed a Form 6-K with the SEC setting forth the Company's Notice of Annual Meeting of Shareholders to be held April 24, 2013. As part of the discussion of corporate performance results for 2012, Defendants stated: "The Company's Pascua-Lama project had a challenging year, with an increase in the projected capital cost from a range of \$4.7 to \$5 billion to a range of \$8 to \$8.5 billion and a *delay in expected production of first gold to the second half of 2014.*"

411. Defendants' statement in the March 26, 2013 Form 6-K (¶ 414) concerning the date for first gold production was materially false and misleading as set forth in ¶ 405.

#### **March 28, 2013 Form 40-F**

412. On March 28, 2013, Defendants filed a Form 40-F with the SEC setting forth the Company's audited financial statements and related full-year information for the 2012 Annual Report. As part of the discussion of Barrick's operations, Defendants stated:



(a) “Barrick expects to have two new mines entering production in 2014—Pascua-Lama and Jabal Sayid”;

(b) “Expected total mine construction capital is in the range of \$8.0 to \$8.5 billion, with *first gold production targeted for the second half of 2014*”; and

(c) “Pascua-Lama is expected to produce an average of 800,000 to 850,000 ounces of gold and 35 million ounces of silver in its first full five years of production at all-in sustaining cash costs of \$50 to \$200 per ounce and total cash costs of \$0 to negative \$150 per ounce.”

413. Defendants’ statements in the March 28, 2013 Form 40-F (¶ 412) were materially false and misleading as set forth in ¶ 405.

#### **April 24, 2013 Earnings Call**

414. On April 24, 2013, Defendants hosted an earnings call to discuss Barrick’s Q1 2013 results. During that call, Defendant Sokalsky stated:

As [] disclosed last quarter, we have been repairing and improving the water management system in Chile. It’s important to note that there has been no adverse impact on water quality or glaciers. . . .

415. These statements (¶ 414) were materially false and misleading for the reasons set forth in ¶ 405 above. These statements concerning Barrick’s water management system were further false and misleading for the same reasons they were false in the prior quarter (*see* 405), namely, the Company’s response concealed that its water management system was noncompliant from at least the first quarter 2011, due to the Company’s unilateral changes to engineering plans concerning water canals, as set forth in ¶¶ 98-99. Furthermore, Defendants’ statements concealed that the Project was not economically or technically feasible under even the revised parameters they disclosed to shareholders.

### **June 28, 2013 Statement And Related Events**

416. On June 28, 2013, Defendants released a statement that they expected first production from Pascua-Lama in “mid-2016” and that they expected to take an after-tax impairment charge of \$4.5-5.5 billion in 2Q 2013.

417. Analysts expressed surprise at this announcement, with Scotiabank stating that *“[w]e were surprised by the two-year time delay for Pascua-Lama and the size of the writedown.”* In addition, Scotiabank adjusted its earnings target from \$26.50 to \$23.00. ScotiaBank further noted that because the book value of Pascua-Lama currently stands at approximately \$5.86 billion, the Company had “pretty much written off the value of this asset.”

418. The statement on June 28, 2013, that Barrick expected first production in “mid-2016” (¶ 416), was false and misleading because restarting would depend on improved project economics such as go-forward costs, the outlook for metal prices, and reduced uncertainty associated with legal and other regulatory requirements, so the Company had no realistic basis to lead the market to believe that first production would occur in mid-2016. Furthermore, Defendants’ statements concealed that the Project was not economically or technically feasible under even the revised parameters they disclosed to shareholders.

### **B. Misstatements And Omissions Related To Internal Controls And Impairment Analyses**

#### **1. Defendants’ Internal Controls Certifications**

419. On March 29, 2010, Defendants filed Barrick’s Annual Report for 2009 on Form 40-F, setting Defendants’ audited financial statements. As part of the Annual Report,

which was attached as Ex. 99.1 to the Form, the Company represented that its internal controls had been reviewed by its CEO and CFO, and that the internal controls were effective.<sup>4</sup>

An evaluation was carried out under the supervision of and with the participation of Barrick's management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures and internal controls over financial reporting (as defined in rules adopted by the SEC) as at December 31, 2009. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures and internal control over financial reporting were effective as at December 31, 2009.

420. Included with the Company's Form 40-F as Exhibit 99.6 was a certification, signed by then-CEO Defendant Regent, which certified that CEO Regent had "reviewed this annual report on Form 40-F of Barrick Gold Corporation" and that:

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15 d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made

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<sup>4</sup> For ease of reference, Barrick's internal control over financial reporting (ICFR) and those aspects of disclosure controls and procedures (DC&P) that overlap with internal control over financial reporting are referred to herein as "internal controls."

known to us by others within those entities, particularly during the period in which this report is being prepared;

- b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

421. A substantially similar certification, signed by then-CFO Sokalsky, was included as Exhibit 99.7.

422. Defendants' certifications in ¶¶ 419 and 420 were false and misleading because they concealed that throughout the Class Period the Company's financial statements contained

materially false and misleading statements as set forth herein, and further concealed that internal controls suffered from a material weakness, evidenced by the following factors:

(a) During 2009 and 2010, Barrick proceeded with construction at Pascua-Lama even though Defendants had failed to implement a “fully established” program management framework (§ 80);

(b) During 2011, the July and September Monthly Progress Reports for Pascua-Lama indicated that: (i) “[s]ignificant inaccuracies, omissions and inconsistencies” plagued the Pascua-Lama monthly reports; (ii) the “[p]rogram management framework [was] not fully established at the outset of the project”; (iii) the Cost Management Process suffered from “weaknesses and inaccurate reporting”; (iv) the program plans were incomplete and not consistently updated; (v) risk management process weaknesses contributing to inaccurate reporting; and (vi) an Earned Value Management system still had not been established (§§ 169-172);

(c) A July 2011 evaluation likewise concluded that the Company’s revised estimate for Pascua-Lama failed to account for “[t]he re-scoping of work in some instances, newly identified economic trends, adjusted contracting and construction strategies, and escalated market rates.” Instead, the revised budget was based on a straight line adjustment to the February 2009 estimate. According to the consultant, “[t]his methodology . . . d[id] not adhere to general estimating principles and cause[d] the estimate to no longer conform to the requirements of a standard Class III estimate” (§§ 75, 185); and

(d) A January 2012 Monthly Progress Report for Pascua-Lama found that the same issues reported in the July and September 2011 Monthly Progress Reports set forth in

¶¶ 169-172 continued to plague reporting, cost management, and risk management at Pascua-Lama.

423. Materially identical certifications were filed with the Company’s 2010 Annual Report, 2011 Annual Report, and 2012 Annual Report. Defendants Regent (CEO) and Sokalsky (then-CFO) executed the certifications attached to the Company’s 2010 and 2011 Annual Reports. The certifications attached to the Company’s 2012 Annual Report were executed by Defendants Sokalsky (CEO) and Al-Joundi (CFO). For the reasons stated in ¶ 422, these certifications were likewise false and misleading.

424. During the Class Period, Defendants also published Interim Certifications filed with the Ontario Securities Commission (attached hereto as Ex. A, Appx.), asserting that:

(a) “based on [their] knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings”;

(b) Barrick’s interim financial reports “fairly present[ed] in all material respect the financial condition, financial performance and cash flows of [Barrick]”;

(c) the signatories were responsible “for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR)”;

(d) the signatories designed or supervised the design of Barrick’s internal controls “to provide reasonable assurance that . . . information required to be disclosed by [Barrick] in its annual filings, interim filings or other reports filed or summarized by it under

securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation”; and

(e) the signatories “designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with [Barrick’s applicable accounting standards].”

425. The Interim Certifications signed by Defendants Regent, Sokalsky and Al-Joundi were materially false and misleading for the reasons set forth above in ¶ 422.

## **2. Defendants’ Internal Controls Disclosures**

426. On April 29, 2010, Defendants filed a Form 6-K with the SEC reporting the Company’s financial results for 1Q 2010. In that filing, Defendants acknowledged management’s responsibility for maintaining effective internal controls:

Management is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure. Internal control over financial reporting (ICFR) is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with US GAAP.

Disclosure controls and procedures (DC&P) are designed to ensure that other financial and non-GAAP information included in reports such as this MD&A fairly present in all material respects the financial condition, results of operations and cash flows of the Company for the periods presented. The Company’s DC&P are intended to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to Management by others within those entities, particularly during the period in which this MD&A is being prepared.

427. Defendants’ representations in the 1Q 2010 financial results were materially false and misleading because they concealed that the Company’s internal controls suffered from a material weakness. Specifically, (i) Defendants failed to establish a “program management

framework at the outset of [the] project” (§ 80); (ii) the Project was not in compliance with the Company’s environmental obligations at least as of April 2010 (§ 90); and (iii) the methodology used to generate the capital budget and timeline for Pascua-Lama generated an unachievable result (§§ 64-67).

428. On July 30, 2010, Defendants filed with the SEC a Form 6-K reporting the Company’s 2Q 2010 financial results. In that filing, Defendants reiterated statements about management’s responsibilities to establish and maintain effective internal controls set forth in § 426. The report added that, “Management will continue to monitor the effectiveness of its internal control over financial reporting and disclosure frameworks and may make modifications from time to time as considered necessary or desirable.”

429. The foregoing representations about Barrick’s internal controls as of 2Q 2010 (§ 428) were materially false and misleading for the same reasons set forth in § 427.

430. Defendants added that a key activity related to the transition to IFRS was to “[m]aintain effective Disclosure Controls & Procedures (DC&P) and Internal Controls over Financial Reporting (ICFR) throughout the IFRS project.” Defendants further acknowledged that:

[DC&P] are designed to ensure that other financial and non-GAAP information included in reports such as this MD&A fairly present in all material respects the financial condition, results of operations and cash flows of the Company for the periods presented. The Company’s DC&P are intended to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to Management by others within those entities, particularly during the period in which this MD&A is being prepared.

431. Defendants’ representations in § 430 were materially false and misleading because the statements created the false impression that the Company’s internal controls were effective when in fact they suffered from a material weakness as set forth in § 427.



432. On October 29, 2010, Defendants filed with the SEC a Form 6-K reporting Barrick's 3Q 2010 financial results, and reiterating statements about management's responsibilities to establish and maintain effective internal controls set forth in ¶¶ 426, 428, 430.

433. The foregoing representations about Barrick's internal controls as of 3Q 2010 (¶ 432) were materially false and misleading for the same reasons set forth in ¶ 427.

434. On April 28, 2011, Defendants filed with the SEC a Form 6-K reporting Barrick's 1Q 2011 financial results, and setting forth a robust explanation of management's internal controls obligations to ensure compliance with IFRS:

Management is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure controls and procedures.

\* \* \*

The Company's internal control over financial reporting framework includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

\* \* \*

***The Company's disclosure controls and procedures framework includes processes designed to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to management by others within those entities to allow timely decisions regarding required disclosure.***

435. As to Barrick's transition to IFRS accounting standards, Defendants stated that

It is not expected that the Company's conversion to IFRS will impact the effectiveness of the [ICFR] and disclosure in the upcoming year. *Management will continue to monitor the effectiveness of its internal control over financial reporting and disclosure and may make modifications from time to time as considered necessary or desirable.*

436. Defendants' representations in Barrick's 1Q 2011 financial results were materially false and misleading because they concealed that the Company's internal controls suffered from a material weakness. Specifically, (i) Defendants failed to establish a "program management framework at the outset of [the] project" (¶ 80); (ii) the Project was not in compliance with the Company's environmental obligations at least as of April 2010 (¶ 90); and (iii) the methodology used to generate the capital budget and timeline for Pascua-Lama generated an unachievable result (¶¶ 64-67).

437. On July 29, 2011, Defendants filed with the SEC a Form 6-K reporting Barrick's 2Q 2011 financial results, reiterating the representations set forth in ¶ 434, and adding that

It is not expected that the Company's conversion to IFRS will impact the effectiveness of the [ICFR] and disclosure in the current year. Management will continue to monitor the effectiveness of its internal control over financial reporting and disclosure and may make modifications from time to time as considered necessary or desirable.

438. Defendants' representations in Barrick's July 29 Form 6-K (¶ 437) were materially false and misleading because they concealed that Barrick's internal controls suffered from a material weakness. Specifically,

(a) the methodology used to generate the capital budget and timeline, which was disclosed in 2009, for Pascua-Lama generated an unachievable result (¶¶ 64-67);

(b) the Project was not in compliance with the Company's environmental obligations at least as of April 2010 (¶ 90);

(c) the July 2011 Monthly Progress Report for Pascua-Lama indicated that:

- (i) “[s]ignificant inaccuracies, omissions and inconsistencies” plagued the Pascua-Lama monthly reports; (ii) the “[p]rogram management framework [was] not fully established at the outset of the project”; (iii) the Cost Management Process suffered from “weaknesses and inaccurate reporting”; (iv) the program plans were incomplete and not consistently updated; (v) risk management process weaknesses contributing to inaccurate reporting; and (vi) an Earned Value Management system was not established (¶ 80); and

(d) a July 2011 evaluation concluded that Barrick’s revised estimate for Pascua-Lama failed to account for “[t]he re-scoping of work in some instances, newly identified economic trends, adjusted contracting and construction strategies, and escalated market rates.” Instead, the revised budget was based on a straight line adjustment to the February 2009 estimate. According to the consultant, “[t]his methodology . . . d[id] not adhere to general estimating principles and cause[d] the estimate to no longer conform to the requirements of a standard Class III estimate.”

439. On November 1, 2011, Defendants filed with the SEC a Form 6-K reporting Barrick’s 3Q 2011 financial results, reiterating the representations in ¶ 434, and adding that

In connection with the reorganization of the Capital Projects group and related personnel moves at the Pascua-Lama project announced in the second quarter, and in preparation for its transition to the South America RBU, ***additional personnel from Barrick’s Corporate Office, the South America RBU and Pascua-Lama project locations have been reassigned into critical roles to strengthen the core project team.*** Additionally, along with personnel training and role clarification, work continues to enhance and standardize the project controls, finance and supply chain business processes and systems. . . . It is not expected that the Company’s conversion to IFRS will impact the effectiveness of the internal control over financial reporting and disclosure in the current year.

*Management will continue to monitor the effectiveness of its [ICFR] and disclosure and may make modifications from time to time as considered necessary or desirable.*

440. Defendants' representations in Barrick's November 1 Form 6-K (§ 439) were materially false and misleading because they concealed that the Company's internal controls suffered from a material weakness for the reasons set forth above in § 438, and also because the September 2011 Monthly Progress Report for Pascua-Lama reiterated that: (i) "[s]ignificant inaccuracies, omissions and inconsistencies" plagued the Pascua-Lama monthly reports; (ii) the "[p]rogram management framework [was] not fully established at the outset of the project"; (iii) the Cost Management Process suffered from "weaknesses and inaccurate reporting"; (iv) the program plans were incomplete and not consistently updated; (v) risk management process weaknesses contributing to inaccurate reporting; and (vi) an Earned Value Management system was not established.

441. On May 3, 2012, Defendants filed with the SEC a Form 6-K reporting the Company's financial results for 1Q 2012. In that filing, Defendants noted management's responsibility for establishing and monitoring internal controls:

Management is responsible for establishing and maintaining adequate [ICFR] and disclosure controls and procedures as defined in our 2011 annual MD&A. . . . Management will continue to monitor the effectiveness of its internal control over financial reporting and disclosure and may make modifications from time to time as considered necessary or desirable.

442. Defendants' representations in its May 3 Form 6-K were materially false and misleading because they concealed that the Company's internal controls suffered from a material weakness for the reasons set forth above in § 440, and also because the January 2012 Monthly Progress Report for Pascua-Lama reiterated that: (i) "[s]ignificant inaccuracies, omissions and inconsistencies" plagued the Pascua-Lama monthly reports; (ii) the "[p]rogram management

framework [was] not fully established at the outset of the project”; (iii) the Cost Management Process suffered from “weaknesses and inaccurate reporting”; (iv) the program plans were incomplete and not consistently updated; (v) risk management process weaknesses contributing to inaccurate reporting; and (vi) an Earned Value Management system was not established.

443. On July 27, 2012, Defendants filed with the SEC a Form 6-K reporting the Company’s financial results for 2Q 2012. With regard to the Company’s internal controls, Defendants continued to acknowledge management’s responsibilities for “establishing and maintaining adequate internal controls” as defined in its 2011 annual MD&A.

444. Defendants’ representations were materially false and misleading because they concealed that the Company’s internal controls suffered from a material weakness, for the reasons set forth above in ¶ 442.

445. Defendants’ July 27 Form 6-K specifically addressed issues at Pascua-Lama in the internal controls discussion:

[w]e experienced a number of changes in our leadership team during the second quarter of 2012. It is not expected that these changes will impact the effectiveness of [ICFR] and disclosure. . . *we are continuing a detailed review of the capital cost estimate and schedule for the Pascua-Lama project and intend to realign the Pascua-Lama project management structure. As part of this review and realignment, management will assess the impact on [ICFR] and disclosure. Management will continue to monitor the effectiveness of its [ICFR] and disclosure and may make modifications from time to time as considered necessary or desirable.*

446. With respect to the review of the Pascua-Lama “management structure,” Defendants reported that it had not anticipated certain “challenges” inherent in the Project. Defendants reported nothing about the material weakness in its internal controls over the Project:

As previously disclosed with our first quarter results, due to lower than expected productivity and persistent inflationary and other cost pressures, the company initiated a detailed review of Pascua-

Lama's schedule and cost estimate in the second quarter. . . preliminary results currently indicate that initial gold production is now expected in mid-2014, with an approximate 50-60 percent increase in capital costs from the top end of the previously announced estimate of \$4.7-\$5.0 billion. . . it is apparent that the challenges of building a project of this scale and complexity were greater than we anticipated. We also determined that we needed to re-align the project management structure between Barrick and our EPCM partners, Fluor and Techint. We have taken immediate actions to address these issues. We are strengthening the project management structure by seeking to have Fluor take over a greater proportion of the construction management of the project. Barrick is also working with Fluor and Techint to develop an integrated action plan that ensures the scope of remaining work is well planned and executed and has also engaged a leading EPCM organization to provide an independent assessment of the status of the project.

447. Defendants' representations in the July 27 Form 6-K were materially false and misleading because they concealed that Barrick's internal controls suffered from a material weakness, for the reasons set forth above in ¶ 440, and thus rendered the Company's disclosures regarding Pascua-Lama's cost, schedule, and environmental controls inaccurate and unreliable.

448. On November 2, 2012, Defendants filed with the SEC a Form 6-K reporting the Company's financial results for 3Q 2012. In that filing, Defendants continued to acknowledge management's responsibilities for "establishing and maintaining adequate internal controls" as defined in its 2011 annual MD&A.

449. Defendants' representations were materially false and misleading because they concealed that the Company's internal controls suffered from a material weakness, for the reasons set forth above in ¶ 440.

450. Defendants also addressed Pascua-Lama specifically in their discussion of the Company's internal controls:

***[w]e are continuing a comprehensive review of capital costs and schedule for the Pascua-Lama project and have made changes to strengthen the Pascua-Lama project management team. As part***

of this review and change in project management team, ***management will assess the impact on internal control over financial reporting and disclosure.*** Management will continue to monitor the effectiveness of its internal control over financial reporting and disclosure and may make modifications from time to time as considered necessary or desirable.

451. Defendants further discussed their “review and change in project management team” and Barrick’s progress in a number of “key areas” relating to the Project, but continued to conceal the material weakness in the Company’s internal controls at the Project.

452. Defendants’ representations about internal controls as to Pascua-Lama in the November 2 Form 6-K were materially false and misleading because they concealed that Barrick’s internal controls suffered from a material weakness, for the reasons set forth above in ¶ 440, and thus rendered Defendants’ disclosures regarding Pascua-Lama’s cost, schedule, and environmental controls inaccurate and unreliable.

453. On March 28, 2013, Defendants filed with the SEC a Form 40-F containing Barrick’s fiscal year financial results, and again addressing the Project’s cost and schedule changes:

During the fourth quarter, the cost estimate and schedule for the project was finalized. Expected total mine construction capital remains unchanged in the range of \$8.0 to \$8.5 billion, and includes a contingency of 15-20 percent of remaining capital. First gold production continues to be targeted for the second half of 2014. Incentives for both Fluor and Techint, our [EPCM] partners, are based on the completion of the project in line with this estimate and schedule.

454. Defendants’ representations in the 2012 Form 40-F (¶ 453) were materially false and misleading because they concealed that the Company’s internal controls as to Pascua-Lama suffered from a material weakness, for the reasons set forth above in ¶ 440, and thus rendered Defendants’ disclosures regarding Pascua-Lama’s cost, schedule, and environmental controls inaccurate and unreliable.

455. On April 25, 2013, Defendants filed with the SEC a Form 6-K reporting the Company's 1Q 2013 financial results. In that filing, Defendants continued to acknowledge management's responsibilities for "establishing and maintaining adequate internal controls" as defined in its 2012 annual MD&A.

456. Defendants' representations were materially false and misleading because they concealed that the Company's internal controls suffered from a material weakness, for the reasons set forth above in ¶ 440.

457. On August 2, 2013, Barrick filed with the SEC a Form 6-K reporting the Company's 2Q 2013 financial results. In that filing, Defendants continued to acknowledge management's responsibilities for "establishing and maintaining adequate internal controls" as defined in its 2012 annual MD&A and further discussed management's assessment of Barrick's internal controls.

458. Defendants' representations were materially false and misleading because they concealed that the Company's internal controls suffered from a material weakness, for the reasons set forth above in ¶ 440.

### **3. Defendants' Impairment Analyses Disclosures**

459. With regard to Barrick's evaluations of the impairment of its investment in Pascua-Lama, in the July 31, 2009 Form 6-K reporting the Company's financial results for 2Q 2009 Defendants stated:

We conduct an annual test for impairment of goodwill in the fourth quarter of each fiscal year and at any other time if events or a change in circumstances indicate that it is more likely than not that the fair value of a reporting unit has been reduced below its carrying amount. Circumstances that could trigger an impairment test on goodwill or long-lived tangible assets include, but are not limited to: a significant adverse change in the business climate or legal factors; an adverse action or assessment by a regulator; the likelihood that a reporting unit or a significant portion of a



reporting unit will be sold or otherwise disposed of; adverse results of testing for recoverability of a significant asset group within a reporting unit; and a significant change to the operating plans for the reporting unit.

\* \* \*

Each quarter, we also monitor our projects for *potential triggering events indicating that the carrying amounts of assets are not recoverable. We continue to progress feasibility and optimization work on all of these projects. No triggering events were identified during the quarter; hence we have not recorded any impairment on our projects in 2009.*

460. Defendants' statements about Barrick's impairment evaluation were materially false and misleading because they concealed that, as a result of Barrick's failure to fully establish a program management framework at the outset of the Project and incomplete program plans, as of July 31, 2009, the Company's internal controls suffered from a material weakness such that Defendants could not properly identify and report impairment indicators related to Pascua-Lama.

461. In Barrick's November 2, 2009 Q3 2009 Form 6-K, Defendants reiterated the practice of evaluating assets for impairment as set forth in ¶ 459, and added that:

No impairment charges were recorded as a result of [Barrick's impairment] assessment.

\* \* \*

We continue to progress feasibility and optimization work on all of these projects, with the exception of Sedibelo.

462. Defendants' statements set forth in ¶ 461 were materially false and misleading for the same reasons set forth in ¶ 460.

463. On March 29, 2010, Barrick filed with the SEC its Form 40-F reporting the Company's audited financial statements and related full-year information for 2009. In that filing, Defendants described the analysis of the carrying amounts of assets such as Pascua-Lama:

We review and test the carrying amounts of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.... A potential impairment is identified if the sum of the reporting units undiscounted cash flows is less than its carrying amount. When a potential long-lived asset impairment is identified, the amount of impairment is calculated by comparing its fair value to its carrying amount.

464. As to long-lived assets in particular, Defendants further stated that:

We . . . evaluate the long-lived assets of a reporting unit for potential impairment when events or changes in circumstances indicate that its fair value has been reduced below its carrying amount by comparing that reporting units undiscounted cash flows to its carrying amount (referred to as a screen test). When a potential long-lived asset impairment is identified as a result of the screen test, the amount of impairment is calculated by comparing its fair value to its carrying amount.

465. Defendants' statements set forth in ¶¶ 463-464 were materially false and misleading because they concealed that the Company's internal controls suffered from a material weakness such that Defendants could not properly identify and report impairment indicators related to Pascua-Lama. The material weakness in Barrick's internal controls was the result of (i) Barrick's failure to fully establish a program management framework at the outset of the Project; (ii) incomplete program plans; and (iii) insufficient risk management that permitted Barrick to violate its environmental obligations. Defendants' statements were further misleading because they failed to disclose existing impairment indicators: imminent regulatory and legal challenges due to violations of Barrick's agreed-upon environmental obligations at Pascua-Lama and significant schedule delays and capital expenditure increases due to Defendants' invalid capital budget and timeline for Pascua-Lama. \*\*\*

466. In Barrick's April 29, 2010 Form 6-K, Defendants reiterated Barrick's impairment analysis practices, as set forth in ¶ 459. Defendants further reported that "[e]ach quarter, we also monitor our projects for potential triggering events indicating that the carrying

amounts of assets are not recoverable. We have not identified any triggering events in first quarter 2010. We continue to progress feasibility and optimization work on all of these projects.”

467. Defendants made substantially similar impairment analysis statements in Barrick’s July 30, 2010 Form 6-K reporting the Company’s 2Q 2010 financial results.

468. Defendants’ statements in Barrick’s April 29 and July 30, 2010 Forms 6-K were materially false and misleading for the same reasons set forth in ¶ 465.

469. On October 29, 2010, Barrick filed with the SEC a Form 6-K reporting its 3Q 2010 quarterly financial statements. In that filing, Defendants made statements substantially similar to those set forth in ¶ 459 discussing Barrick’s asset impairment analysis practices. Defendants added to their disclosures about the impairment evaluation of long-lived assets, such as Pascua-Lama:

We review and test the carrying amounts of long-lived assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Impairment assessments are conducted at the level of cash-generating units (“CGUs”), which is the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets.... Any impairment is recognized as an expense in the consolidated statements of income in the reporting period in which the write-down occurs. . . . Long-lived assets subject to potential impairment at mine sites/capital projects/petroleum and natural gas properties include land, buildings, plant and equipment, mineral properties and capitalized development costs, construction-in-progress and development projects.

470. Defendants’ statements in Barrick’s October 29, 2010 Form 6-K were materially false and misleading for the same reasons set forth in ¶ 465.

471. On March 31, 2011, Barrick filed with the SEC a Form 40-F reporting the Company’s audited financial statements and related full-year information for 2010. In that report, Defendants reiterated the impairment analysis description set forth in ¶¶ 463-464 and 469.

472. Defendants' statements in Barrick's March 31, 2011 Form 40-F were materially false and misleading for the same reasons set forth in ¶ 465.

473. On April 28, 2011, Barrick filed with the SEC a Form 6-K reporting its financial results for 1Q 2011. With regard to the Company's analysis for impairment, Defendants stated:

We review and test the carrying amounts of PP&E and intangible assets with definite lives when an indicator of impairment is considered to exist.... For operating mines, capital projects and petroleum and natural gas properties, the individual mine/project/property represents a CGU for impairment testing.

474. The Company did not disclose any impairment indicators for Pascua-Lama. Defendants' statements in Barrick's 1Q 2011 filing were materially false and misleading for the same reasons set forth in ¶ 465.

475. On July 28, 2011, Barrick filed with the SEC its financial results for 2Q 2011. With regard to its impairment analysis, the Company reiterated the statements set forth in ¶ 473.

476. Defendants' statements in Barrick's 2Q 2011 filing were materially false and misleading for the same reasons set forth in ¶ 465. Defendants' statements were further misleading because internal findings in July 2011 identified additional control deficiencies at Pascua-Lama, including: (i) significant inaccuracies, omissions, and inconsistencies in monthly reports; (ii) cost management process weaknesses and inaccurate reporting; (iii) inconsistent updating of program plans; (iv) risk management process weaknesses contributing to inaccurate reporting; (v) the failure to implement an earned value management system; (vi) inadequate control over invoiced time and expenses; (vii) inaccurate reporting of deliverables/failure to adequately monitor progress; (viii) no formal systems in place for scope/change management; and (ix) numerous environmental violations at Pascua-Lama, including violations of Barrick's water management system commitments that threatened to "paralyze" the Project. As a result of these deficiencies at Pascua-Lama, Barrick's internal controls continued to suffer from a

concealed material weakness and undisclosed impairment indicators: imminent regulatory and legal challenges due to violations of Barrick's agreed-upon environmental obligations at Pascua-Lama and significant schedule delays and capital expenditure increases.

477. On November 1, 2011, Barrick filed with the SEC a Form 6-K reporting its financial results for Q3 2011. In that filing, Defendants re-iterated the statements set forth in ¶ 473 and added that:

Circumstances that could trigger an impairment test on goodwill or long-lived assets include, but are not limited to: a significant adverse business, legal or regulatory development; the likelihood that a CGU or a significant portion of a CGU will be sold or otherwise disposed of; or a significant change to the operating plans of a CGU. . . . An adverse change in any one or a combination of these factors could lead to the recognition of impairment charges in future periods. We continue to monitor these factors on an ongoing basis to assess whether any impairment charge is required.

478. Defendants' statements in Barrick's 3Q 2011 filing were materially false and misleading for the same reasons set forth in ¶¶ 465 and 476. Defendants' statements were further misleading because they concealed that the control deficiencies at Pascua-Lama identified in July 2011 had not been corrected, as documented internally in a September 2011 Monthly Progress Report, and thus Barrick's undisclosed material weakness in its internal controls and impairment indicators had not been resolved.

479. On March 28, 2012, Barrick filed with the SEC a Form 40-F reporting the Company's audited financial statements and related full-year information for 2011. With regard to its impairment analysis, Defendants represented that:

Non-current assets are tested for impairment when events or changes in circumstances suggest that the carrying amount of these assets may not be recoverable.

Barrick's Form 40-F also repeated the statements set forth in ¶ 473.

480. Defendants' statements in Barrick's Form 40-F for 2011 were materially false and misleading for the same reasons set forth in ¶¶ 476 and 478. Defendants' statements were further misleading because they concealed that, as confirmed by a January 2012 Monthly Progress Report and internal reforecast reviews, Barrick had still not resolved the undisclosed material weakness in its internal controls or impairment indicators for Pascua-Lama.

481. On May 3, 2012, Barrick filed with the SEC a Form 6-K reporting the Company's financial results for 1Q 2012. In filing, the Company discussed its impairment analysis for assets: "Non-current assets are tested for impairment when events or changes in circumstances suggest that the carrying amount may not be recoverable. . . . No triggering events were identified in first quarter 2012."

482. Defendants' statements in Barrick's 1Q 2012 financial results were materially false and misleading for the same reasons set forth in ¶¶ 476, 478, and 480.

483. On July 27, 2012, Barrick filed with the SEC a Form 6-K reporting the Company's financial results for 2Q 2012. In that filing Defendants reported on the impairment of certain assets, including Pascua-Lama:

Non-current assets are tested for impairment when events or changes in circumstances suggest that the carrying amount may not be recoverable. . . . ***Our update to Pascua-Lama's schedule and cost estimate in the second quarter has been identified as a triggering event for impairment testing purposes. Consequently, we have assessed the impact and determined that the fair value of the project exceeds its carrying value.***

484. Defendants did not disclose any additional impairment indicators for Pascua-Lama in Barrick's 2Q 2012 financial statements. Defendants' statements in Barrick's 2Q 2012 financial statements were materially false and misleading for the same reasons set forth in ¶¶ 476, 478, and 480, and also because Defendants concealed:

(a) that the “update to Pascua-Lama’s schedule and cost estimate” reported in the second quarter of 2012 was the result of a material weakness in Barrick’s internal controls, which had been present throughout the Class Period and which would result in additional cost and schedule increases in the future; and

(b) additional impairment indicators, such as Barrick’s persistent violation of its environmental obligations at Pascua-Lama, which resulted in the imminent threat of legal action and the likely suspension of the Project.

485. On November 2, 2012, Barrick filed with the SEC a Form 6-K reporting the Company’s financial results for 3Q 2012. In the filing, Defendants discussed its impairment evaluation of certain assets.

[N]on-current assets are tested for impairment when events or changes in circumstances suggest that the carrying amount may not be recoverable. . . . In second quarter 2012, the update to Pascua-Lama’s schedule and cost estimate was identified as a triggering event for impairment testing purposes. We assessed the impact and determined that the fair value of the project exceeded its carrying value and consequently no impairment was recorded.

486. Defendants did not disclose any additional impairment indicators for Pascua-Lama in Barrick’s 3Q 2012 financial statements. Defendants’ statements were materially false and misleading for the same reasons set forth in ¶¶ 476, 478, 480, 484(a) and 484(b).

487. In the same November 2, 2012, Form 6-K, the Company further stated with regard to Pascua-Lama that

In September and October 2012, two constitutional rights protection actions were filed in Chile by representatives of an indigenous community and certain other individuals, seeking the suspension of construction of the Chilean portion of the Pascua-Lama project due to alleged non-compliance with the requirements of the Project’s Chilean environmental approval. The Court declined to issue an immediate injunction suspending pre-stripping activities, but both cases have been admitted for review by the Court. We intend to vigorously defend these actions.

488. Defendants' statements about the litigation related to Pascua-Lama were materially false and misleading because they concealed that the litigation against Barrick was the result of the Company's deficient controls at Pascua-Lama, which allowed Barrick's continued and undisclosed violation of its environmental obligations and resulted in an impairment indicator-the imminent threat of legal action and the likely suspension of the Project.

489. On March 28, 2013, Barrick filed with the SEC its Form 40-F reporting the Company's audited financial statements and related full-year information for 2012. In that filing, Defendants described Barrick's evaluation of non-current assets as set forth in ¶ 479.

490. As in past filings, Defendants also stated that "non-current assets are tested for impairment if there is an indicator of impairment, and annually at the beginning of the fourth quarter for our gold and capital projects segments, and at the end of the fourth quarter for our copper and Barrick Energy segments."

491. Defendants' statements in Barrick's Form 40-F were materially false and misleading for the same reasons set forth in ¶¶ 476, 478, 480, 484(a) and 484(b).

492. In the 2012 Form 40-F, Defendants also addressed the Company's analysis of Pascua-Lama's potential impairment:

Non-current assets are tested for impairment when events or changes in circumstances suggest that the carrying amount may not be recoverable.

\* \* \*

In second quarter 2012 we identified a potential indicator of impairment at our Pascua-Lama project based on a significant increase in the expected construction costs and delay in the expected completion date. We conducted an impairment assessment at that time and determined that the fair value of the project exceeded its carrying value. In fourth quarter 2012, upon completion of the final cost estimate, schedule and the associated LOM plan, we updated our assessment and determined that the fair value of the project exceeds its carrying value as at December 31,



2012 by about \$1.5 billion. . . . As at December 31, 2012, the carrying value of Pascua-Lama is \$5.24 billion (2011: \$3.06 billion).

493. Defendants did not disclose any additional impairment indicators for Pascua-Lama in Barrick's 2012 Form 40-F. Defendants' statements about Barrick's impairment analysis and Pascua-Lama's potential impairment were materially false and misleading for the same reasons set forth in ¶¶ 476, 478, 480, 484(a) and 484(b).

494. In the 2012 Form 40-F, Defendants also addressed the ongoing environmental litigation and regulatory action at Pascua-Lama:

In September and October 2012, two constitutional rights protection actions were filed in Chile by representatives of an indigenous community and certain other individuals, seeking the suspension of construction of the Chilean portion of the Pascua-Lama project due to alleged non-compliance with the requirements of the project's Chilean environmental approval. Both cases have been admitted for review by the Court, with the first action proceeding towards a hearing. We intend to vigorously defend these actions.

495. Defendants' statements about the litigation and regulatory action at Pascua-Lama were materially false and misleading because they concealed that the litigation against Barrick was the result of the Company's deficient controls at Pascua-Lama, which allowed Barrick's continued and undisclosed violation of its environmental obligations and resulted in an impairment indicator-the imminent threat of legal action and the suspension of the Project.

496. On April 25, 2013, Barrick filed with the SEC a Form 6-K reporting the Company's financial results for 1Q 2013. In that filing, Defendants reiterated the Company's practice of evaluating assets for impairment: "Non-current assets are tested for impairment when events or changes in circumstances suggest that the carrying amount may not be fully recoverable."

497. Defendants' representations about Barrick's impairment analysis were false and misleading for the reasons set forth in ¶¶ 476, 478, 480, 484(a) and 484(b).

498. In the 1Q 2013 filing, Defendants also updated investors on the environmental action at Pascua-Lama:

On April 9, 2013, the Copiapó Court of Appeals in Chile granted a request for a preliminary injunction to suspend construction activities on the Chilean side of the project pending a hearing on a constitutional rights action filed in September of 2012. The action alleges noncompliance with the environmental requirements of the project's Chilean environmental approval. . . . Based on the information available to us, and having assessed the recoverable amount of the project, we concluded that the carrying value of the project was not impaired as at March 31, 2013. To the extent there are significant changes to any of the above metrics, the current carrying amount of the project may not be recoverable, which would result in an impairment charge being recorded for the project.

499. Defendants' statements about the litigation at Pascua-Lama were materially false and misleading because they concealed that the litigation against Barrick was the result of the Company's deficient controls at Pascua-Lama, which allowed Barrick's continued and undisclosed violation of its environmental obligations and resulted in an impairment indicator-the imminent threat of legal action and the likely suspension of the Project.

500. With regard to Pascua-Lama and the Company's impairment analysis, Defendants further stated in the 1Q 2013 filing that:

Subsequent to quarter end, market prices of gold, silver and copper declined significantly and were below levels used in our most recent annual impairment test. If metal prices remain at these levels for an extended period of time, we may need to reassess our long-term price assumptions, and a significant decrease in our long-term price assumptions would be an indicator of potential impairment. Also subsequent to quarter end, the trading price of the company's shares declined such that the Company's carrying value of net assets (of approximately \$23/share) exceeded its market capitalization, which is also an indicator of potential impairment. If these potential indicators of impairment exist at the

end of our next reporting period, we will be required to conduct an impairment assessment.

501. Defendants' statements about the potential impairment of Pascua-Lama were materially false and misleading for the reasons set forth in ¶¶ 476, 478, 480, 484(a) and 484(b), and also because they concealed that impairment indicators associated with Pascua-Lama related to the Company's behavior, not macro-economic conditions, had existed throughout the Class Period, and that Barrick had concealed those impairment indicators and the material weakness in the Company's controls that had permitted those impairment indicators to persist unreported.

502. In the 1Q 2013 filing, Defendants also noted for the first time that Pascua-Lama's carrying value was among the "most sensitive to changes in the key assumptions used in the annual test," and that "[a]s noted in our year-end release, the fair value of the Pascua-Lama project exceeded its carrying value by about \$1.5 billion."

503. Defendants' statements about Pascua-Lama's carrying value were materially false and misleading for the reasons set forth in ¶¶ 476, 478, 480, 484(a) and 484(b), and also because they concealed that impairment indicators associated with Pascua-Lama related to the Company's behavior, not macro-economic conditions, had existed throughout the Class Period, and that Barrick had concealed those impairment indicators and the material weakness in the Company's internal controls that had permitted those impairment indicators to persist unreported, ultimately resulting in the \$5.1 billion impairment charge against Pascua-Lama's carrying value.

**C. Misstatements And Omissions Related To The Pascua-Lama Carrying Value And Barrick's Net Income And EPS**

504. Defendants' foregoing statements concerning the impairment of Pascua-Lama ¶¶ 459-502 were further materially false and misleading because Defendants knew as of May 7, 2009, that the Project was not economically or technically feasible given the size of the Project,

the inherent logistical challenges of the Project, and the applicable and necessary environmental commitments. Accordingly, because the fair value of the future benefits of Pascua-Lama were less than the Project's carrying amount, the Company was required to take an impairment against any capitalized costs for Pascua-Lama.

505. In addition to failing to disclose the material weakness in Barrick's internal controls and impairment indicators related to Pascua-Lama, throughout the Class Period, Defendants overstated the carrying value of Pascua-Lama and thus materially misstated the Company's net income and earnings per share ("EPS") reported to shareholders and to the SEC. During the Class Period, Defendants disclosed in each of their periodic reports with the SEC the Pascua-Lama's carrying value and Barrick's net income and EPS as reflected in the attached table (Ex. B).

506. Defendants' statements setting forth Pascua-Lama's carrying value and Barrick's net income and EPS were materially false and misleading because throughout the Class Period, Defendants were aware that Pascua-Lama was not technically or economically feasible given the size of the Project, the inherent logistical challenges of the Project, and the applicable and necessary environmental commitments. Accordingly, Defendants should have expensed the costs of Pascua-Lama as the costs were incurred rather than improperly recording them as an asset. Defendants' failure to expense these costs caused the Company's reported net income and EPS (*see* Ex. B) to be inflated by an equal amount, and thus were materially false and misleading. Had Defendants expensed the costs associated with Pascua-Lama in accordance with the applicable accounting principles alleged herein, Barrick's net income and EPS would have been reduced dollar-for-dollar by the amount of the costs.

## VIII. CLASS ACTION ALLEGATIONS

507. Lead Plaintiffs bring this action on behalf of themselves and a class, pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3), consisting of all persons and entities who purchased or acquired Barrick common stock between May 7, 2009 and November 1, 2013, inclusive, and who were damaged thereby (the “Class”). Excluded from the Class are:

(a) Defendants; (b) members of the immediate families of the Individual Defendants; (c) all subsidiaries and affiliates of Defendants, including the Company’s employee retirement and benefit plan(s); (d) any person who is an officer, director, or controlling person of the Company; (e) any entity in which any Defendant has a controlling interest; (f) Defendants’ directors’ and officers’ liability insurance carriers, and any affiliates or subsidiaries thereof; and (g) the legal representatives, heirs, successors, or assigns of any such excluded party.

508. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Barrick stock was registered and listed on the New York Stock Exchange. While the exact number of Class members is unknown to Plaintiffs at this time and can only be ascertained through appropriate discovery, Plaintiffs believe that there are thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Barrick or its transfer agent and may be notified of the pendency of this action by mail, using a form of notice similar to that customarily used in securities class actions.

509. Plaintiffs’ claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants’ wrongful conduct in violation of federal law complained of herein.

510. Plaintiffs will fairly and adequately protect the interests of the members of the Class and have retained counsel competent and experienced in class and securities litigation. Plaintiffs have no interests that are adverse or antagonistic to the Class.

511. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- (a) Whether the federal securities laws were violated by Defendants' acts as alleged herein;
- (b) Whether the SEC filings, press releases, reports, and other public statements disseminated to Barrick's investors during the Class Period contained materially false and misleading statements or omissions;
- (c) Whether and to what extent the market price of the Company's common stock was artificially inflated during the Class Period due to the non-disclosures and/or false and misleading statements complained of herein;
- (d) Whether Defendants acted with scienter;
- (e) Whether reliance may be presumed pursuant to the fraud-on-the-market doctrine; and
- (f) Whether the members of the Class have sustained damages as a result of the misconduct complained of herein, and, if so, the proper measure thereof.

512. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually

redress the wrongs done to them. There will be no difficulty in the management of this case as a class action.

## **IX. PRESUMPTION OF RELIANCE**

513. Plaintiffs are entitled to a presumption of reliance under *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the claims asserted herein against Defendants are primarily predicated upon omissions of material fact for which there was a duty to disclose.

514. Plaintiffs are also entitled to a presumption of reliance under the fraud-on-the-market doctrine because, as more fully alleged above, Defendants concealed material information regarding Pascua-Lama, Barrick's financial condition, and its internal controls and impairment processes throughout the Class Period.

515. Barrick's common stock was traded in an open, well-developed, and efficient market for the following reasons, among others:

(a) Barrick's common stock was actively traded on the New York and Toronto Stock Exchanges during the Class Period, which are highly efficient and automated markets;

(b) The market reacted promptly to public information disseminated by Defendants. The average daily volume of Barrick's common stock was approximately 16 million shares during the Class Period. On November 1, 2013, the day after Barrick disclosed the indefinite suspension of Pascua-Lama, the trading volume of Barrick shares spiked to approximately 22.7 million shares;

(c) As a regulated issuer, Barrick filed periodic public reports with the SEC;

(d) Defendants regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases

on the major news wire services and through other wide-ranging public disclosures, such as communications with the financial press, securities analysts, and other similar reporting services;

(e) Barrick was covered by numerous securities analysts employed by major brokerage firms during the Class Period, including, among others: Salman Partners, Inc., Deutsche Bank, JPMorgan, TD Newcrest/Waterhouse Securities, Morningstar, CIBS, RBC Capital Markets, and Jeffries & Company, each of which wrote reports that were distributed to the sales force and certain customers of their respective firms; and

(f) Without knowledge of the misrepresented or omitted material facts alleged herein, Plaintiffs and other members of the Class purchased Barrick stock between the time Defendants concealed material facts and the time the true facts were disclosed.

516. Accordingly, Plaintiffs and other members of the Class did rely, and are entitled to have relied, upon the integrity of the market price for Barrick common stock and to a presumption of reliance on Defendants' material misstatements and omissions during the Class Period.

#### **X. NO SAFE HARBOR**

517. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to the allegedly false statements pled in this complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and circumstances. For example, Defendants' representations regarding any impairment indicators for Pascua-Lama, Barrick's impairment analyses, the asset valuation and carrying value of Pascua-Lama, Barrick's net income, Barrick's EPS, the effectiveness of Barrick's internal controls, and the accuracy of Barrick's financial reports were statements of present fact and were not forward-looking. To the extent certain of the statements alleged to be false and misleading may be characterized as forward-looking, they were not adequately identified as "forward-



looking” statements when made, and were not accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor is intended to apply to any forward-looking statements pled herein, Defendants are liable for those false and misleading forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular forward-looking statement was false and misleading, and/or the forward-looking statement was authorized and/or approved by an executive officer of Barrick who knew that those statements were false and misleading when made.

518. For example, Barrick is not entitled to the safe harbor provision based on its warnings concerning (i) “availability and increased costs associated with mining inputs and labor; litigation; the speculative nature of exploration and development”; and (ii) “operating or technical difficulties in connection with mining or development activities; employee relations; availability and increased costs associated with mining inputs and the construction of capital projects” because throughout the Class Period, Defendants were aware that before 2009 Barrick knew of the operational and technical impossibility of bringing the Pascua-Lama mine to production within the timeframe or budget repeatedly touted to investors. Furthermore, Defendants were aware throughout the Class Period that each time the Company revised the timeframe and capital expenditure required to bring the Pascua-Lama mine to production that these new dates and costs were not feasible.

519. Barrick is likewise not entitled to the safe harbor provision based on its warning that “there are risks and hazards associated with the business of exploration, development and mining, including environmental hazards” because throughout the Class Period, Defendants were

aware of the Company's non-compliance with the environmental impact assessment approved by Chilean regulators. Defendants were aware that Barrick had concealed this non-compliance from Chilean regulators, thereby subjecting the Company to enforcement actions that ultimately resulted in the suspension of operations at the Pascua-Lama mine. Furthermore, Defendants were aware that throughout the Class Period that Barrick was mischaracterizing the impact its operations at Pascua-Lama mine were having on glaciers to investors.

## **XI. CAUSES OF ACTION**

### **COUNT I**

#### **FOR VIOLATIONS OF SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5 PROMULGATED THEREUNDER AGAINST BARRICK**

520. Lead Plaintiffs repeat and reallege each and every allegation contained above as if fully set forth herein.

521. During the Class Period, officers, management, and agents of Barrick carried out a plan, scheme, and course of conduct which was intended to, and did: (i) deceive the investing public, including Lead Plaintiffs and other Class members, regarding Barrick's operations, internal controls, financial condition, and ability to bring the Pascua-Lama mine to production in the timeframe and budget reported to the market, and compliance with environmental regulations; (ii) artificially inflate and maintain the inflated market price of Barrick common stock; and (iii) cause Lead Plaintiffs and other Class members to purchase Barrick common stock at artificially inflated prices.

522. In furtherance of this unlawful scheme, plan, and course of conduct, officers, management, and agents of Barrick: (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which

operated as a fraud and deceit upon the purchasers of the Company's common stock in an effort to maintain artificially high market prices for Barrick's common stock in violation of §10(b) of the Exchange Act and SEC Rule 10b-5.

523. Officers, management, and agents of Barrick, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about Barrick's, internal controls, financial condition, and inability to deliver Pascua-Lama as a low cost project in the timeframe and cost disclosed to shareholders.

524. Barrick employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to falsely and misleadingly assure investors through the making of, or the participation in making of, untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices, and a course of business that operated as a fraud and deceit upon the purchasers of Barrick common stock during the Class Period.

525. Barrick is liable for all materially false and misleading statements and omissions made during the Class Period, as alleged above, including the false and misleading statements and omissions included in SEC filings and submissions.

526. Barrick is further liable for the false and misleading statements made by the Company's officers, management, and agents in press releases, written informational materials, and during conference calls and at conferences with investors and analysts, as alleged above, as the maker of such statements and under the principle of respondeat superior.

527. In addition to the duties of full disclosure imposed on Barrick as a result of the affirmative statements and reports made by its officers, management, and agents, or participation in the making of their affirmative statements and reports to the investing public, Barrick had a duty to promptly disseminate truthful information that would be material to investors, in compliance with GAAP and IFRS and the integrated disclosure provisions of the SEC as embodied in SEC Regulations S-X (17 C.F.R. §§ 210.01 et seq.) and S-K (17 C.F.R. §§ 229.01 et seq.) and other SEC regulations, including truthful, complete, and accurate information with respect to the Company's operations, financial condition, internal controls, ability to bring the Pascua-Lama mine to production in the timeframe and for the cost reported, and compliance with applicable environmental regulations so that the Company's share price would be based on truthful, complete, and accurate information.

528. The allegations above establish a strong inference that Barrick, as an entity, acted with corporate scienter throughout the Class Period, as its officers, management, and agents had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth because they failed to ascertain and to disclose such facts, even though such facts were available to them. Such material misrepresentations and/or omissions were done knowingly or with recklessness, and without a reasonable basis, for the purpose and effect of concealing Barrick's true operating and financial condition from the investing public, including misstating the effectiveness of the Company's internal controls, the valuation of the Company's assets and costs associated with Pascua-Lama, misstating the Company's compliance with applicable environmental regulations, and ability to bring the Pascua-Lama mine to production in the timeframe or for the cost stated to the market. By

concealing these material facts from investors, Barrick maintained its artificially inflated share price throughout the Class Period.

529. In ignorance of the fact that Barrick's share price was artificially inflated, and relying directly or indirectly on the false and misleading statements and omissions made by Barrick, or upon the integrity of the market in which the stock trades, and/or on the absence of material adverse information that was known to or recklessly disregarded by Barrick but not disclosed in public statements by Barrick during the Class Period, Lead Plaintiffs and the other members of the Class purchased or acquired Barrick stock during the Class Period at artificially inflated prices and were damaged when that artificial inflation was removed from the price of Barrick stock as the true condition of the Company was revealed.

530. At the time of the alleged misrepresentations and omissions, Lead Plaintiffs and other members of the Class were ignorant of their falsity, and believed them to be true. Had Lead Plaintiffs, the other members of the Class, and the marketplace known of the truth concerning Barrick's operations, financial condition, internal controls, and the Company's non compliance with applicable environmental regulations and inability to deliver the Pascua-Lama mine to production in the timeframe or budget stated to the market, Lead Plaintiffs and other members of the Class would not have purchased or acquired their Barrick stock, or, if they had purchased or acquired such stock during the Class Period, they would not have done so at the artificially inflated prices that they paid.

531. By virtue of the foregoing, Barrick has violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

532. As a direct and proximate result of Barrick's wrongful conduct, Lead Plaintiffs and the other members of the Class suffered damages in connection with their respective purchases and/or acquisitions of Barrick common stock during the Class Period.

## **COUNT II**

### **FOR VIOLATIONS OF SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5 PROMULGATED THEREUNDER AGAINST REGENT, SOKALSKY, KINVER, AL-JOUNDI, POTTER, & GONZALES**

533. Lead Plaintiffs repeats and realleges each and every allegation contained above as if fully set forth herein.

534. During the Class Period, the Individual Defendants, Regent, Sokalsky, Kinver, Al-Joundi, Potter, & Gonzales carried out a plan, scheme, and course of conduct which was intended to, and did: (i) deceive the investing public, including Lead Plaintiffs and other Class members, regarding Barrick's operations, internal controls, financial condition, and the Company's ability to bring the Pascua-Lama mine to production in the timeframe or budget reported to the market, and the intrinsic value of Barrick common stock; (ii) artificially inflate and maintain the inflated market price of Barrick common stock; and (iii) cause Lead Plaintiffs and other Class members to purchase Barrick common stock at artificially inflated prices.

535. In furtherance of this unlawful scheme, plan, and course of conduct, the Individual Defendants took the actions set forth herein. The Individual Defendants: (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's common stock in an effort to maintain artificially high market prices for Barrick's common stock in violation of § 10(b) of the Exchange Act and SEC Rule

10b-5. All of the Individual Defendants are sued as primary participants in the wrongful and illegal conduct charged herein.

536. The Individual Defendants, directly and indirectly, by the use, means, or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about Barrick's internal controls, financial condition, and inability to deliver Pascua-Lama as a low cost project in the timeframe and cost disclosed to shareholders.

537. The Individual Defendants employed devices, schemes, and artifices to defraud, while in possession of material adverse non-public information, and engaged in acts, practices, and a course of conduct as alleged herein in an effort to falsely and misleadingly assure investors through the making of, untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business that operated as a fraud and deceit upon the purchasers of Barrick common stock during the Class Period. Each Individual Defendant had motive and opportunity to engage in these fraudulent acts.

538. In addition to the duties of full disclosure imposed on Individual Defendants as a result of the affirmative statements and reports they made, Individual Defendants had a duty to promptly disseminate truthful information that would be material to investors, in compliance with GAAP, IFRS, and the integrated disclosure provisions of the SEC as embodied in SEC Regulations S-X (17 C.F.R. §§ 210.01 et seq.) and S-K (17 C.F.R. §§ 229.01 et seq.) and other SEC regulations, including truthful, complete, and accurate information with respect to the Company's operations, financial condition, internal controls, environmental compliance, and the

Company's ability to deliver Pascua-Lama as a low cost project in the timeframe and cost disclosed to shareholders so that the Company's share price would be based on truthful, complete, and accurate information.

539. The Individual Defendants' primary liability, and controlling person liability as set forth in Count III, arises from the following facts: (i) they were each senior executives and/or directors during the Class Period and members of the Company's management team or had control thereof; (ii) each of the Individual Defendants, by virtue of his responsibilities and activities as a high-level executive and/or director of the Company, was privy to and participated in the creation, development, and reporting of the Company's internal budgets, plans, projections, and/or reports; (iii) each of the Individual Defendants was advised of, and had access to, other members of the Company's management team, internal reports, and other data and information Barrick's internal controls, financial condition, and the Pascua-Lama Project; (iv) each of the Individual Defendants was aware of the Company's concealment of information from the investing public, which they knew or recklessly disregarded was materially false and misleading; and (v) each Individual Defendant had motive and opportunity to engage in fraudulent acts.

540. The Individual Defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard of the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. The Individual Defendants' material misrepresentations and/or omissions were made knowingly or recklessly and without a reasonable basis for the purpose and effect of concealing Barrick's true financial and operating condition from the investing public, ineffective internal controls, true valuation of the Company's assets and costs associated with Pascua-Lama, and misstating the



Company's non-compliance with applicable environmental regulations and inability to deliver the Pascua-Lama mine to production in the timeframe or budget stated to the market. By concealing these material facts from investors, Barrick maintained its artificially inflated share price throughout the Class Period.

541. In ignorance of the fact that market prices of Barrick's publicly-traded stock were artificially inflated, and relying directly or indirectly on the false and misleading statements made by the Individual Defendants, or upon the integrity of the market in which the stock trades, and/or on the absence of material adverse information that was known to, or recklessly disregarded by the Individual Defendants during the Class Period, Lead Plaintiffs and the other members of the Class purchased or acquired Barrick common stock during the Class Period at artificially high prices and were damaged when that artificial inflation was removed from the price of Barrick common stock as the true condition of the Company was revealed.

542. At the time of the alleged misrepresentations and omissions, Lead Plaintiffs and other members of the Class were ignorant of their falsity, and believed them to be true. Had Lead Plaintiffs, the other members of the Class, and the marketplace known of the truth concerning Barrick's operations, financial condition, internal controls, and the Company's non-compliance with applicable environmental regulations and inability to bring the Pascua-Lama mine to production in the timeframe or budget reported to the market, Lead Plaintiffs and other members of the Class would not have purchased or acquired their Barrick common stock, or, if they had purchased or acquired such common stock during the Class Period, they would not have done so at the artificially inflated prices that they paid.

543. By virtue of the foregoing, the Individual Defendants have violated § 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder.

544. As a direct and proximate result of the Individual Defendants' wrongful conduct, Lead Plaintiffs and the other members of the Class suffered damages in connection with their respective purchases and/or acquisitions of Barrick common stock during the Class Period.

### **COUNT III**

#### **FOR VIOLATIONS OF SECTION 20(a) OF THE EXCHANGE ACT AGAINST REGENT, SOKALSKY, KINVER, AL-JOUNDI, POTTER, GONZALES, AND VEENMAN**

545. Lead Plaintiffs repeat and reallege each and every allegation contained above as if fully set forth herein.

546. The Individual Defendants (Regent, Sokalsky, Kinver, Al-Joundi, Potter, Gonzales) and Veenman (the "20(a) Individual Defendants"), acted as controlling persons of Barrick within the meaning of § 20(a) of the Exchange Act as alleged herein. By virtue of their high level positions, and their ownership and contractual rights, substantial participation in, and/or awareness of, the Company's operations and/or knowledge of the materially false and misleading statements filed with the SEC and disseminated to the investing public, the 20(a) Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including its omissions, which Lead Plaintiffs contend were materially false and misleading. The 20(a) Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings, and other statements alleged by Lead Plaintiffs to be materially false and misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected. In particular, the 20(a) Individual Defendants each had direct and supervisory involvement in the day-to-day operations of the Company, particularly with respect to the Pascua-Lama Project, the Company's flagship mine, and, therefore, are presumed to have had the power to control or influence the

particular false and misleading statements and omissions giving rise to the securities violations alleged herein.

547. As set forth above, Barrick violated § 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder by the acts and omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the 20(a) Individual Defendants are liable pursuant to § 20(a) of the Exchange Act. As a direct and proximate result of Barrick's wrongful conduct, Lead Plaintiffs and other members of the Class suffered damages in connection with their purchases of the Company's common stock during the Class Period.

## **XII. PRAYER FOR RELIEF**

548. WHEREFORE, Lead Plaintiffs, on behalf of themselves and the other members of the Class, pray for judgment as follows:

- (a) declaring this action to be a proper class action maintainable pursuant to Rule 23 of the Federal Rules of Civil Procedure;
- (b) awarding compensatory damages in favor of Lead Plaintiffs and the other Class members against all Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- (c) awarding Lead Plaintiffs and the other members of the Class their reasonable costs and expenses in this litigation, including attorneys' fees and experts' fees and other costs and disbursements; and
- (d) awarding Lead Plaintiffs and the other members of the Class such other and further relief as the Court may deem just and proper.

### **XIII. JURY TRIAL DEMANDED**

Lead Plaintiffs hereby demand a trial by jury of all issues so triable.

Dated: December 6, 2013

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Respectfully submitted,

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

In re Barrick Gold Securities Litigation

Case No. 1:13-CV-0385

**CERTIFICATE OF SERVICE**

I, Joseph A. Fonti, hereby certify that on December 6, 2013, true and correct copies of the annexed Consolidated Amended Class Action Complaint were served in accordance with the Federal Rules of Civil Procedure and pursuant to the parties' agreement, via electronic mail upon counsel for Defendants:

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