

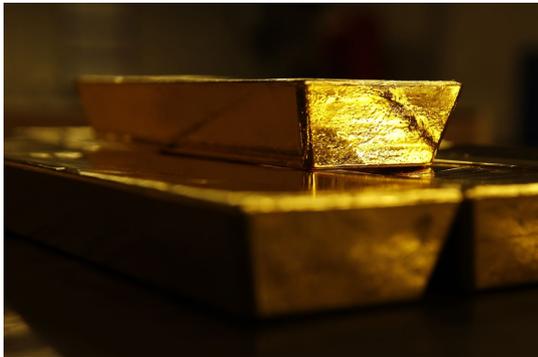
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BUSINESS

Barrick, Randgold to Create Gold-Mining Giant With \$18.3 Billion Merger

The combined group will own five of the world's top 10 tier-one gold assets



Barrick shareholders will own around 67% of the combined business on completion, with Randgold shareholders holding the remaining 33%. PHOTO: STEFAN WERMUTH/BLOOMBERG NEWS

By *Scott Patterson*

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Barrick Gold Corp. **ABX -1.41%** ▼ agreed to buy Randgold Resources Ltd. **GOLD -1.05%** ▼ in an all-share merger that will create the world's largest gold company worth \$18 billion with a dominant position in Africa.

Barrick shareholders will own 67% of Randgold, and Randgold investors will own 33% of Barrick, the companies said Monday. The deal remains subject to shareholder approval.

The deal will pair up two of the gold-mining industry's biggest personalities: Barrick's John Thornton, a former Goldman Sachs Group Inc. executive, and Mark Bristow, the chief executive of Randgold renowned for taking motorcycle trips through Africa.

Both executives are also known for focusing on keeping costs in line and reining in debt. Canada's Barrick reported an adjusted profit of \$876 million last year, compared with a loss of more than \$10 billion in 2013. U.K.-listed Randgold posted net income of \$335 million in 2017, a 14% increase from the previous year.

Based on 2017 results, the enlarged group would have generated revenue of \$9.7 billion and adjusted earnings before interest, taxes, depreciation and amortization of \$4.7 billion, the companies said.

The talks between the companies began in 2015, Mr. Bristow said on a conference call Monday.

"Barrick and Randgold are cut from a single cloth," Mr. Thornton said on the call. "Our two companies think and act in the same way."

Mr. Thornton will remain as executive chairman of the combined company and Mr. Bristow will be president and CEO, in charge of day-to-day operations.

Barrick, the world's largest gold producer, has struggled in recent years under Mr. Thornton's leadership, and its stock has lagged behind competitors such as Newmont Mining Corp., its closest rival by production. Barrick's portfolio of gold mines has shrunk under Mr. Thornton, with about a third of the 30 mines when the executive was appointed executive chairman of the gold-mining giant in 2014.

Barrick's gold production has also dwindled, falling more than 25% since 2013 to 5.3 million ounces last year. The acquisition of Randgold, whose production is focused on Africa and which produced 1.3 million ounces in 2017, will help make up the loss.

“The combination of Barrick and Randgold will create a new champion for value creation in the gold mining industry,” Mr. Thornton said in a statement.

The combined group will own five of the world’s top 10 tier-one gold assets with two potential tier-one gold projects under development or expansion, the companies said. The new group will consider selling noncore assets over time, the companies said.

—*Adria Calatayud contributed to this article.*

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