

## Barrick Founder's Uncertain Finale

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After Signaling He Was Ready for a Final Bow, Munk Stays at the Canadian Mining Giant He Built

TORONTO—Peter Munk built [Barrick Gold Corp. ABX.T +5.00%](#) into the world's largest gold producer, buying up far-flung mines over 30 years of gold-market ups and downs.



Barrick Gold's Peter Munk, shown last May leaving its annual meeting, said 'most long-term' investors aren't asking him to step down anytime soon.

In recent months, the company's 85-year-old founder and longtime chairman signaled that he was ready to take a final bow. Last year, amid ballooning costs and a management shake-up, he ceded some responsibilities to a co-chairman and said last month that Barrick's board should consider "new leadership."

Now, in the wake of the sharpest drop in gold prices in Barrick's history, Mr. Munk appears in no hurry to leave the company he built from a single mine in Ontario into a giant with operations on five continents and 27,000 employees.

Barrick shares have fallen almost 50% so far this year, and the miner has lost around two-thirds of its market value since its late-2010 peak.

The company fired its chief executive last year and has embarked on a broad review of its assets, but some investors want Mr. Munk to step down—and sooner, rather than later—or at least to provide a timetable for his retirement.

Ahead of Barrick's annual meeting here Wednesday, Mr. Munk says he has other plans.

"Do you think this company that I built would be better off without my counsel? I don't," Mr. Munk said in an email exchange with The Wall Street Journal. He said Barrick's challenges are the same ones the rest of the mining industry is facing and that the board and "most long-term shareholders" aren't asking him to step down anytime soon.

"When they do, I will take their advice," he said.

Meanwhile, he and Barrick's new chief executive, Jamie Sokalsky, have ruled out building any new mines and are seeking buyers for some assets. He has promised to boost returns for shareholders even if that comes at the cost of production growth.

Mr. Munk doesn't own much Barrick stock anymore, but his role as founder has long loomed large over the company. At Barrick's Toronto headquarters, a bronze bust of him gazes imperiously over the reception area. On its base are the words "founder, builder, visionary."

While acknowledging his past successes, some investors and analysts say his sticking around is a problem when they want Barrick to retreat from his legacy of acquisition-led growth.

"Investors see him as the architect of...empire-building gone bad," said **Pawel Rajszel**, an analyst at **Veritas Investment Research** in Toronto.

Rachel Benepe, a fund manager with First Eagle Investment Management, a major Barrick shareholder, said "it is appropriate to set out a clear date" for Mr. Munk's departure.

His resistance to a swift retirement reflects the determination the mining industry has learned to expect from Mr. Munk, who immigrated to Canada as a young man after escaping Nazi-controlled Hungary. His mother, who survived the Auschwitz concentration camp, wrote him after the camp was liberated and told him he shouldn't stay in Europe, but go instead to North America. "Get a decent, nice job and earn a lot of money" she wrote.

In Canada, the fedora-wearing Mr. Munk became a serial entrepreneur, pursuing business ventures ranging from making hi-fi components to investing in real estate and gold. He also became known for his charitable giving, which landed his name on a hospital wing here and on the University of Toronto's School of Global Affairs.

He is currently building a luxury-yacht marina along the Adriatic coast, including upscale restaurants, villas and bars, in partnership with Russian metals magnate Oleg Deripaska and the Rothschild family.

Decades ago, while attending the University of Toronto, Mr. Munk met fellow student David Gilmour, and the two went on to found Clairtone Sound Corp., a stereo-equipment maker. Wildly popular for a time, it folded in 1970 amid declining sales and rising debt.

In 1983, Messrs. Munk and Gilmour teamed up again, this time betting that gold prices—long in the doldrums—were ready to rebound. They formed Barrick, listed its shares on the Toronto Stock Exchange and bought a half interest in an Ontario mine. The company quickly gobbled up mines in Nevada and Quebec, then branched out to Latin America and Africa.

Its shares peaked in late 2010, then languished as mining costs soared. Then, in 2011, Barrick outbid a Beijing-controlled rival for copper miner Equinox Minerals Ltd., eventually paying \$7.65 billion. The deal came just before copper prices started to slide.

In June, the company fired Chief Executive Aaron Regent, citing poor share performance, and replaced him with Barrick's longtime chief financial officer, Mr. Sokalsky, who promised a top-to-bottom review of the company's projects.

Mr. Munk gets closely involved in executive changes, according to people familiar with the matter, but is loyal to those who perform well, and forms lasting bonds with friends. Mr. Gilmour, his longtime business partner, said their relationship is so close they sometimes call each other "darling."

Mr. Sokalsky has had his own problems. Costs for a giant mine Barrick is building on the Argentine-Chilean border have soared, and the company recently halted construction on the Chilean side of the border due to a local legal challenge. The Dominican Republic is demanding a greater tax take from Barrick's Pueblo Viejo mine there. Both disputes have weighed on the company's share price.

Last week a group of Canada's largest investors added to the company's headaches by criticizing Co-Chairman John Thornton's \$17 million pay package as too high.

Mr. Munk said Barrick has overcome similar rough patches in the past. "We know how to do this," he said in his email. "And we will continue to."

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