CORMARK SECURITIES INC.

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May 10, 2011

GOLD MINING

◆Banro Corporation

Great Gold Projects, Even Better Value

Recommendation: **Buy (S)**

Target Price: **C$6.00**

Company Statistics:

Stock Symbol: **BAA-TSX, BAA-AMEX**
Price: **C$3.58**
Shares Outstanding:
Basic: **190.7 MM**
Diluted: **209.4 MM**
Management: **2.6 MM**
Market Cap: **C$682.3 MM**
Market Float: **C$655.0MM**
Cash: **$92.3 MM**
Debt: **Nil**
Avg. Daily Trading Volume: **603,633**
High – Low (52-Week): **C$4.41 - C$1.60**

Company Description:

Banro Corp. is on the verge of transitioning from a gold developer to a low-cost producer of scale. The company has four high-margin gold projects in the DRC, with 11.2 MMoz between them. The company's 100%-owned Twangiza open-pit gold project is on pace to pour first gold before year end, with the Namoya, Kamituga, and Lugushwa projects to be built out of FCF thereafter. Ultimately, we should see BAA producing ~400Koz/yr by 2015 with upside to +500Koz/yr.

Disclosure statements located at the back and inside back cover

Unless otherwise denoted, all figures shown in US$
We are using a US$1.00 conversion rate

Banro Corporation will be putting its 100%-owned Twangiza open-pit gold project into production in December this year at a run rate of ~120Koz/yr. Located in the South Kivu Province, Democratic Republic of Congo, the project is the first of four gold-only assets in Banro's project development pipeline. While the other three, Namoya, Kamituga, and Lugushwa are of a smaller scale than BAA's flagship Twangiza project, on a combined basis, we see the company ultimately producing at a sustainable level of +400Koz/yr at well below industry average cash operating costs by 2015.

What excites us about Banro is the size/scale of its flagship mine, the excellent future growth of its project pipeline, the strategic MOU with China Gold International, the tremendous exploration upside, and rock bottom valuation.

Banro currently trades at 0.60x NAVPS and 6.7x 2012E CFPS, making it the most attractively valued emerging producer in our active coverage universe by a significant margin. Granted, the geopolitical risk associated with the DRC will always be reflected in its valuation, but with production only months away, we feel owning Banro provides an excellent opportunity for the risk/return.

Based on a target multiple of 1.0x NAVPS, we are initiating coverage on Banro Corp. with a Speculative Buy rating and C$6.00 target price.

◆ During the past twenty-four months, Cormark Securities Inc., either on its own or as a syndicate member, participated in the underwriting of securities for Banro Corporation

Fiscal YE Dec 31	2011E	2012E	2013E	2014E	2015E
Gold Price ($/oz)	$1,500	$1,400	$1,200	$1,200	$1,200
Gold Prod. (000oz)	21.1	119.4	262.2	242.4	387.8
Cash Cost ($/oz)	$408	$355	$326	$348	$416
CFPS (before WC)	$(0.09)	$0.54	$1.02	$0.91	$1.36
NAVPS 7.5%, 12.5%	C$5.94				

The Next African Gold Producer Of Scale

Twangiza Just The Beginning For Banro

Investors buying Banro today are effectively getting Twangiza for 25% off, and the rest of the company's assets for free. If Banro was a long way from production, or was facing an onerous financing/CAPEX challenge, this discount might be warranted. However, with $92 MM in cash, no debt, and only 6-9 months from transitioning to a +100Koz/yr producer at lower than industry average cash operating costs, Banro is simply too attractively valued to ignore any longer.

The compelling risk/reward trade is multi-faceted with Banro. We in no way try to skirt the fact that the company is effectively 100%-exposed to the DRC, but at its current valuation of 0.60x NAVPS and 6.7x 2012E CFPS, Banro is nowhere near fairly valued in the market at present in our view. We note that our DCF-based NAVPS for the company employs a discount rate of 7.5% for Twangiza and 12.5% for the other assets, materially higher than the 7.5% we would utilize for more geopolitically stable African jurisdictions such as Ghana, Mauritania, or Mali. Even with the "DRC factor" reflected in our higher discount rate, Banro still posts a NAVPS of C$5.94, with little more than "option-value" ascribed for its Lugushwa, Namoya, and Kamituga projects. As the company transitions from development to production, which will occur in the next six months, investors will get more comfortable with Banro's ability to safely and securely operate in the DRC, which we would expect to be manifested in the form of a lowered discount rate. We also regard the company's recent MOU with China Gold International (CGG-TSX, Not Rated) as a material derisking event from a technical, financial, and geopolitical perspective. Combine this with the premium P/NAV multiple typically afforded to mid-tier, low-cost gold producers with growth, there is significant bias to the upside to both our C$5.94 NAVPS on Banro and C$6.00 target.

Another important part of our investment thesis is that Banro has size and scale. If the company had only a single asset capable of only small-scale output, even at a rock-bottom valuation, the risk/reward trade-off would simply look unfavourable. While Banro has the cheap value, it also has the large scale. Fully ramped (2015), the company will be producing 400-500Koz/yr at below industry average cash costs, putting Banro in the mid-tier value creation sweet spot, typified by premium P/NAV and P/CFPS valuation multiples.

With the company's share price reflecting only 75% of the value for Twangiza and effectively no value for anything else in its pipeline, the exploration upside at Banro's projects is essentially ignored as well. In our view, this also represents an exciting aspect of the Banro story. Granted, the company is unlikely to be credited with any exploration upside in its share price until Twangiza is ramped up (assuaging investors' concerns about the DRC), longer term we expect to see significant reserve and resource growth across all of the company's projects.

Based on a target multiple of 1.0x NAVPS, **we are initiating coverage on Banro Corporation with a Buy (S) rating and 52 week target price of C$6.00.**

Near-Term Catalysts

We expect the following to act as near-term catalysts for the share price:

- Company-wide reserve/resource update (Q3/11)
- Scoping study on Twangiza Phase II (as standalone) (Q3/11)
- Lugushwa scoping study (Q3/11)
- First gold pour (Q4/11)
- Declaration of commercial production (Q1/12)

Figure 1 **Price Chart (C$)**

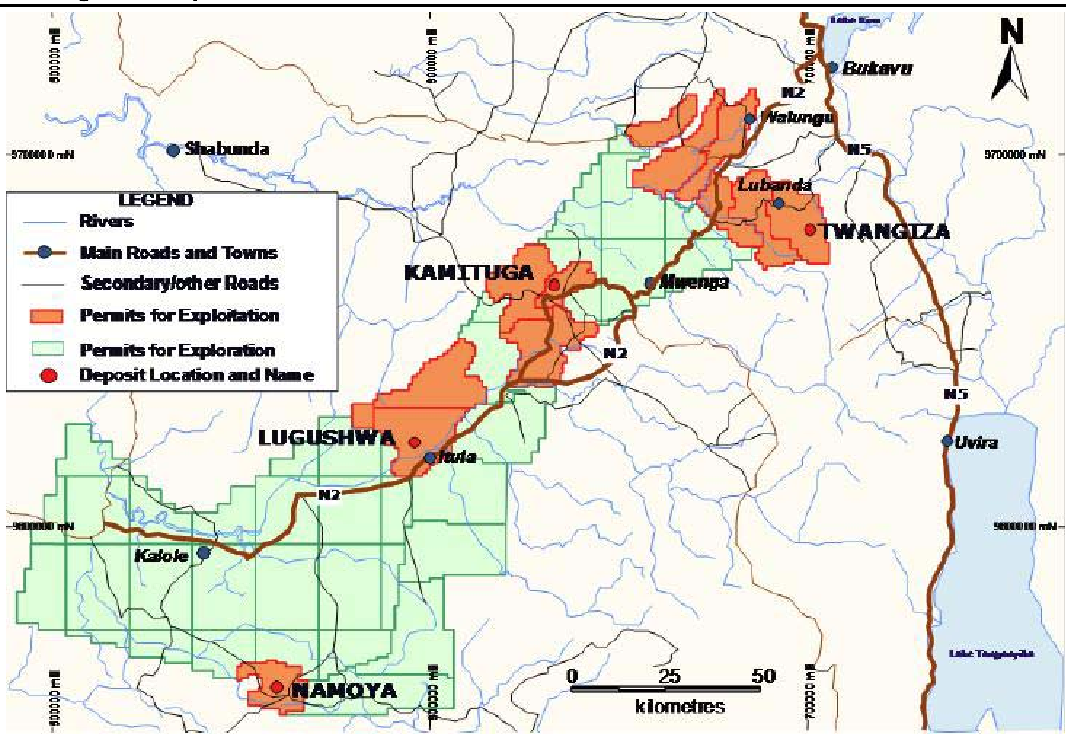
Source: BigCharts (May 9, 2011)

Near-Term Producer Poised To Rerate Higher

The Birth Of Banro

In 1996, Banro purchased 72% control of the Zairian company, La Societe Miniere et Industrielle du Kivu SARL ("SOMINKI") from a group of long-time private European investors. Sominki owned, amongst other assets, the Twangiza, Kamituga, Lugushwa and Namoya gold mining concessions. The Zaire Government owned the remaining 28% interest in Sominki. In 1997, the government of President Mobutu Sese Seko fell with Laurent Desire Kabila assuming power, renaming the country Democratic Republic of Congo ("DRC"). In July 1998, President Laurent Kabila expropriated the assets of SOMINKI. Following the expropriation, Banro initiated arbitration proceedings in the US Federal Court against the DRC government, finally reaching a Settlement Agreement in April 2002 under President Joseph Kabila. Under the agreement, and in exchange for relinquishing several non-core assets back to the DRC, Banro was granted a 100% interest in Twangiza, Namoya, Kamituga, and Lugushwa along with reinstatement of its 25 year renewable Mining Convention. The convention was grandfathered and the Company is not subject to the new Mining Code enacted in June 2003. Benefits of the Convention include a 10 year tax holiday on all four concessions, a 1% gross royalty with a 4% net profits tax after repayment of capital. All properties are fully permitted for construction and operation under the Mining Convention and do not come up for renewal until Q1/27.

Figure 2 **Mining And Exploration Concessions In DRC**



Source: Banro Corporation

A Gold Rich Mineral Belt

Banro's four mining concessions cover a combined area of approximately 2,600km^2 (discontinuous) over a 210km SW-NE strike length along the Twangiza-Namoya gold belt in the South Kivu province of the DRC. Each of the licenses have seen historic mining, either alluvial, or small scale (from the early 1900s on) and in the case of Twangiza, artisanal mining still takes place. Over the last 100 years, it is estimated that over 2.4 MMoz of gold has been recovered on Banro's four concessions via alluvial, small-scale, and conventional mining methods. Twangiza will be the DRC's first commercial scale, modern gold operation and we note that Randgold, Newmont, and Anglogold Ashanti are also developing gold projects in the country.

Value Creation Through Transition And Production Growth

With 11.2 MMoz in 43-101 resources across its four projects, Banro will be ultimately capable of producing 400-500Koz/yr when fully ramped. Twangiza will kickstart Banro's transition from developer to producer at the rate of +100Koz/yr and will be followed by Namoya, Lugushwa, and finally Kamituga. Most important is the fact that the significant free cash flow generated from Twangiza over its initial oxide mining phase (years 1-3), will more than pay for the development of the remaining assets in Banro's pipeline. When the grade profile begins to decline at Twangiza, and the mining sequence transitions from soft material to fresh rock, output at Namoya and Lugushwa will just be ramping up, increasing the company-wide ounce output profile. Cash costs over Banro's first several years as a producer will be low at ~\$375/oz, and gradually increase as pits get deeper, grade declines, and oxide ore is depleted. Over the life of the company, holding fuel prices constant, Banro's cash operating costs will be well below industry averages.

Figure 3 **Banro Reserve / Resource Breakdown**

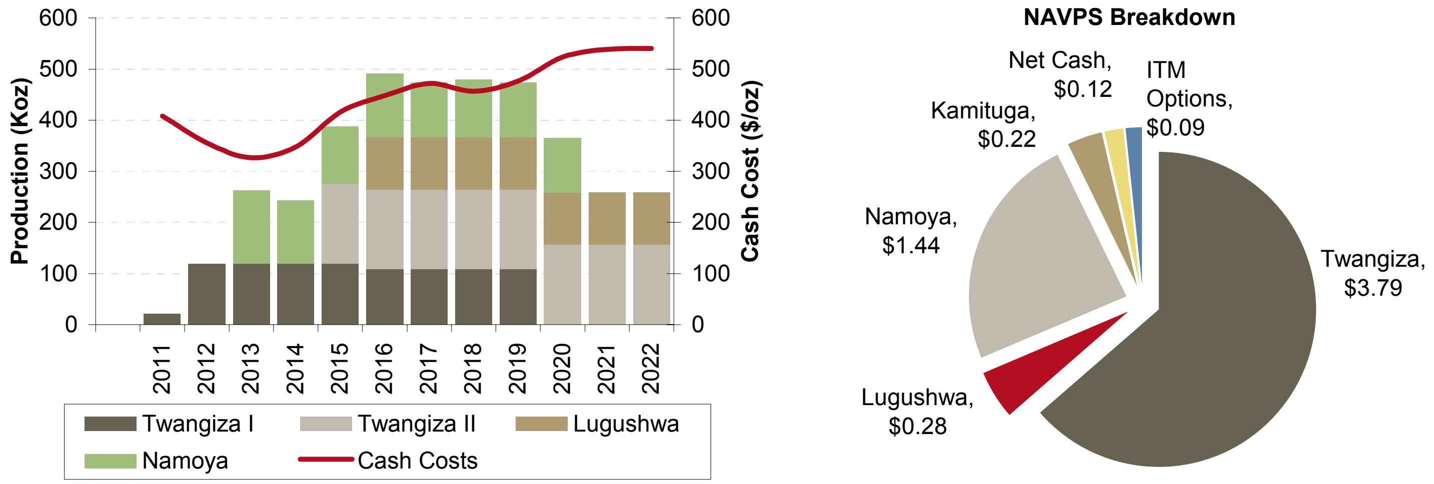
	P&P Reserves			M&I Resource (Incl P&P)			Inferred			Total Resources		
	Tonnes (MMt)	Grade (g/T Au)	Gold (MMoz)	Tonnes (MMt)	Grade (g/T Au)	Gold (MMoz)	Tonnes (MMt)	Grade (g/T Au)	Gold (MMoz)	Tonnes (MMt)	Grade (g/T Au)	Gold (MMoz)
Twangiza	82.46	1.71	4.54	107.50	1.62	5.60	8.20	1.70	0.40	115.70	1.61	6.00
Namoya				17.45	2.00	1.12	8.46	1.50	0.41	25.91	1.84	1.53
Kamituga							7.26	3.90	0.92	7.26	3.92	0.92
Lugushwa							37.00	2.30	2.74	37.00	2.30	2.74
Total	**82.46**	**1.71**	**4.54**	**124.95**	**1.67**	**6.72**	**60.92**	**2.28**	**4.46**	**185.87**	**1.87**	**11.18**

Source: Cormark Securities Inc.

The Transition

Banro is on the cusp of transitioning from developer to producer. Construction of the mine is 60% complete, construction of the plant is 90% complete at Twangiza, and \$150 MM of the \$209 MM of initial CAPEX has been sunk or committed. Initial gold pour is slated for Q4/11, with commercial production being achieved exiting Q4/11. The company has \$92 MM in cash at present, no debt, and is completely unhedged. Banro will be spending \$17 MM on exploration over the remainder of the year, meaning that its balance sheet should remain robust as the mine starts free cash flowing (following BAA's recent equity raise). At Twangiza, the DFS was completed on July 17, 2009 and a PEA on the oxide portion of the deposit was then updated on March 4, 2011. At Namoya, a PEA was completed on January 24, 2011. At Lugushwa, a scoping study is scheduled for completion in Q3/11.

Figure 4 **Banro Production Profile & NAVPS Breakdown**

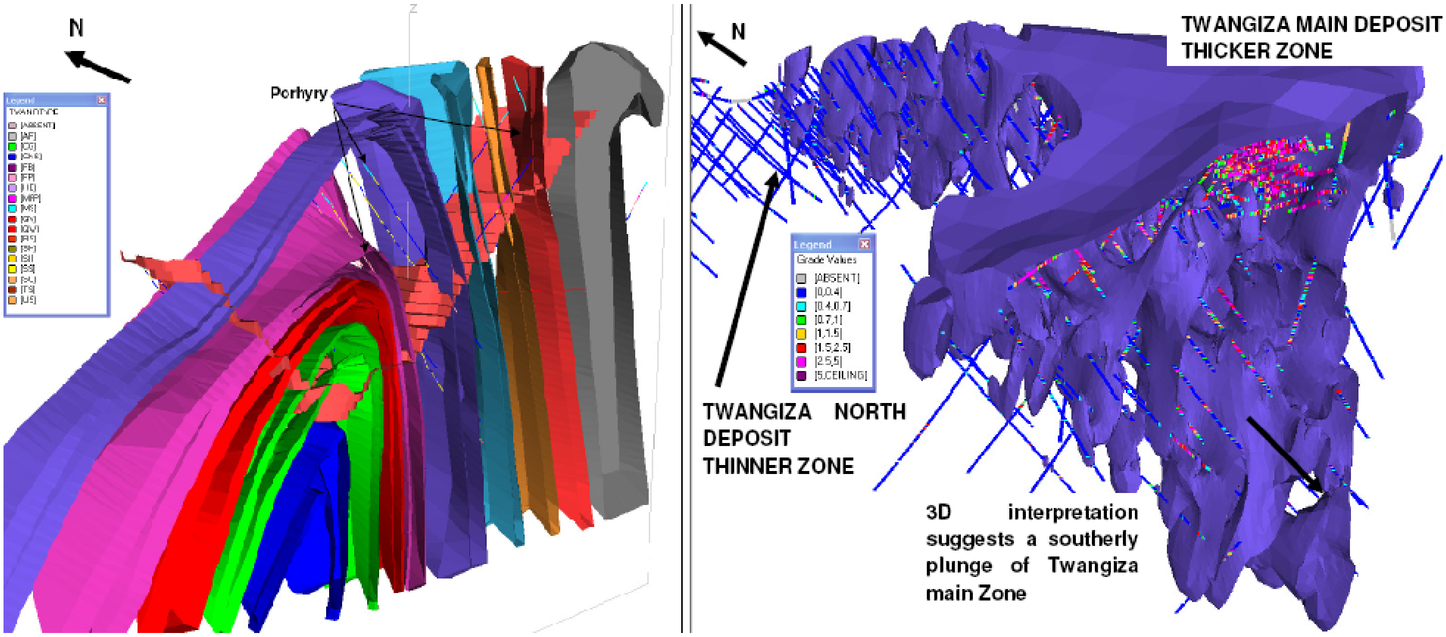


Source: Cormark Securities Inc.

Twangiza Starts It Off

As Banro's flagship project, Twangiza hosts a P&P reserve of 4.5 MMoz grading 1.71g/T Au, and a total 43-101 compliant resource of 6.0 MMoz grading 1.61g/T Au. Located 45 km southwest of Bukavu, the capital of the South Kivu province, Twangiza was originally discovered in the 1950s by Societe Miniere des Grands Lacs (SOMIGL), and later explored in the 1970s by Charter Consolidated (CHTR-LN). It consists of six exploitation licenses covering an area of 1,156km^2. Twangiza lies along the Proterozoic age Kibara belt, and gold mineralization is hosted within mudstones, siltstones, porphyries, and greywackes concentrated along the near-surface crest of a major anticline. Locally, gold is associated with sulphides and contained within quartz-carbonate veins along with the country rock in lower concentrations. Oxidation occurs down to ~50m below surface, with the oxide/sulphide transitional boundary extending down another 50m. The Twangiza Main orebody (constituting 85% of the total resource) strikes over a length of ~1km, is 200-300m in width, and has been drill tested to a depth of ~400m. Topography is favourable, and conducive to an extremely low strip ratio in both the early years, and over Twangiza's life-of-mine. The oxides at Twangiza are entirely non-refractory (and largely free-dig, barely consolidated), whereas the transitional ore and fresh rock (the sedimentary component) can be categorized as refractory. Recent testwork on the fresh rock at Twangiza has generated very positive results, and determined through fine grind and floatation a higher (+74%) recovery rate has been generated. While this is encouraging, the results have been on a relatively small sample size. The Company is currently undertaking a more representative bulk sample in order to determine the specific grind size and treatment process to boost overall recoveries for all ore groups. This information is anticipated to be released, together with an updated economic assessment on the Phase II at Twangiza by Q3/11. Oxide, transitional, and sulphide ore comprise 25%, 21%, and 54% of Twangiza's contained resource (in ounces) respectively.

Figure 5 **Twangiza Anticlinal Structure And Resource Envelope**



Source: Banro Corporation

Near-Mine Upside

The hydrothermal system at Twangiza is large, and mineralization is open at depth down dip as well as along strike in a number of structures traceable at surface. The key for Banro will be to delineate as much additional oxide/transitional material as possible as it can be blended in with the fresh rock ore feed in 2015+. This would enable the throughput to stay at 5.5 MMtpy, as opposed to declining to 3.8 MMtpy when fresh rock accounts for 100% of the feed. Regionally, the company has identified a satellite prospect, Ntula, located 30km north west of Twangiza. Ntula has yet to see its first RC or DDH hole, but can be characterized by extensive artisanal workings, anomalous gold in soil over a 2.6km strike length, and rock chip samples at +20g/T Au. Over the last 12 months, the focus at Twangiza has been on the construction and project financing side, with the near-mine and regional exploration programs being scaled back. Following completion of Banro's recent C$56.9 MM equity raise (at C$3.25 per share), the company will start to get more aggressive on the exploration front. That said, the resource upside at Twangiza is significant, and in H2/11 when mine construction nears completion, Banro plans on undertaking an aggressive $17 MM exploration program. Current P&P reserves were calculated at a gold price deck of $1,000/oz.

Figure 6 **Twangiza Abbreviated Financial Model**

Twangiza Abbreviated	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Resource Tonnage (MMt)	82.5	82.1	80.5	78.8	77.1	71.7	66.2	60.8	55.3	49.9
Average Grade (g/T Au)	1.7	1.7	1.7	1.7	1.7	1.6	1.6	1.6	1.6	1.5
Contained Ounces (MMoz)	4.5	4.5	4.4	4.3	4.1	3.8	3.4	3.1	2.8	2.4
Ore Tonnes Mined (MMt)		0.3	1.6	1.7	1.7	5.5	5.5	5.5	5.5	5.5
Waste Tonnes Mined (MMt)		0.5	2.4	3.4	3.4	10.9	10.9	10.9	10.9	10.9
Strip Ratio (W:O)		1.5	1.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Average Grade (g/T Au)		2.2	2.6	2.4	2.4	2.0	1.9	1.9	1.9	1.9
Metallurgical Recovery (%)		92%	90%	90%	90%	78%	78%	78%	78%	78%
Gold Production (Koz)		**21**	**119**	**119**	**119**	**275**	**265**	**265**	**265**	**265**
Cash Costs ($/oz)		**$408**	**$355**	**$364**	**$364**	**$427**	**$445**	**$445**	**$445**	**$445**
Revenue (MM$)		$32	$167	$143	$143	$330	$317	$317	$317	$317
EBITDA (MM$)		$23	$123	$98	$98	$209	$197	$197	$197	$197
CAPEX (MM$)	$89	$75	$10	$210	$210	$20	$20	$20	$20	$20
After-Tax Free Cash Flow (MM$)	$(89)	$(52)	$113	$(112)	$(112)	$189	$177	$177	$177	$177

Source: Cormark Securities Inc.

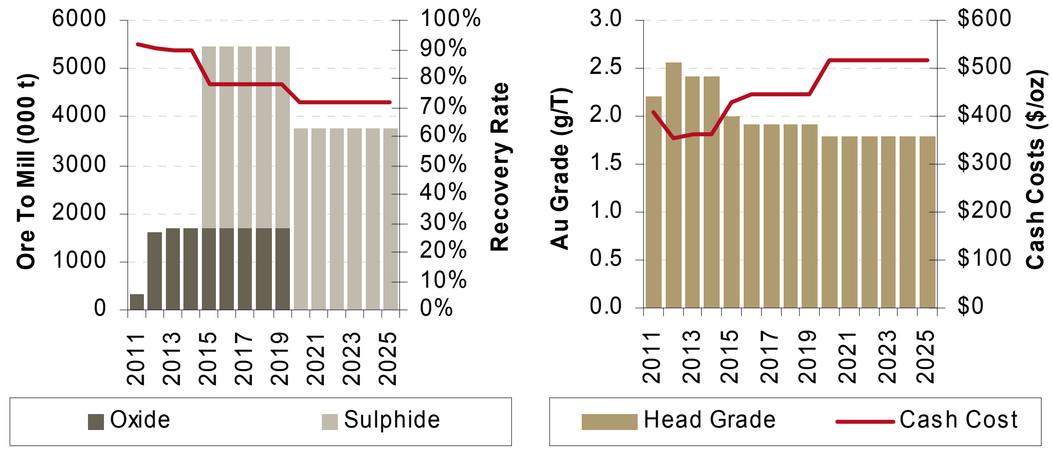
Commentary On The Mine

Based on our LT gold price forecast of $1,200/oz (2013+) and a discount rate of 7.5%, we calculate a NAVPS on Twangiza of $793 MM, which equates to C$3.79 per fully-diluted Banro share. Construction on site is 60/90% complete (mine/mill), and $150 MM of the $209 MM initial Phase I CAPEX has been sunk. First gold pour is scheduled for Q4/11, and we expect commercial production to be achieved by late Q4/11. Twangiza is a very straightforward open-pit, truck/shovel project, which benefits from a low strip ratio over the life-of-mine, a significant oxide (soft) component, and good average grade. Banro will begin mining and processing at the rate of 1.7 MMtpy (the Phase I plant) when the feed is entirely oxide. Over years 2013-2014, Banro will spend another $400 MM on the construction of a second 3.8 MMtpy plant (Phase II), capable of handling the harder sulphide ore. Over 2015-2019 both Phase I and II plants will be operating at the combined rate of 5.5 MMtpy (oxide, transitional, and sulphide ore) producing +250Koz/yr. In 2020+ based on current P&P reserves only, oxide ore will be depleted, such that Twangiza will rely solely on the Phase II plant running at 3.8 MMtpy. Based on the 43-101 compliant technical report, which was updated on March 4, 2011, Twangiza will produce an average of 181 Koz/yr over a mine-life of 18 years (Phase I and II), at an average cash operating cost, inclusive of royalties, of $470/oz. Costs will be lower at the outset of the mines operations given the softer ore feed, better recoveries in oxide ore, and materially better grades. Based on our gold price forecast of $1,400/oz in 2012 and $1,200 in 2013+, the project has an after-tax IRR of 33%.

Commentary On The Phase I And Phase II Plants

The current mine plan has allowed for a conventional gravity CIL plant with an annual throughput of 1.7 MMt for oxides (Phase I), 5.5 MMt of transitional and fresh ore or combinations of both (Phase I and II) or 3.75 MMt of sulphide ore (Phase II). Below we have displayed the breakdown of ore to the two plants by year. Free gold will be recovered by the gravity circuit from 20-25% of the feed. Recoveries are expected to average 77% over the life of mine. The key for Banro at Twangiza will be to delineate additional oxide ore tonnes thereby extending the Phase I mine life, and boosting the production rate of the company as a whole over the longer term.

Figure 7 **Ore To Mills Breakdown**



Source: Cormark Securities Inc.

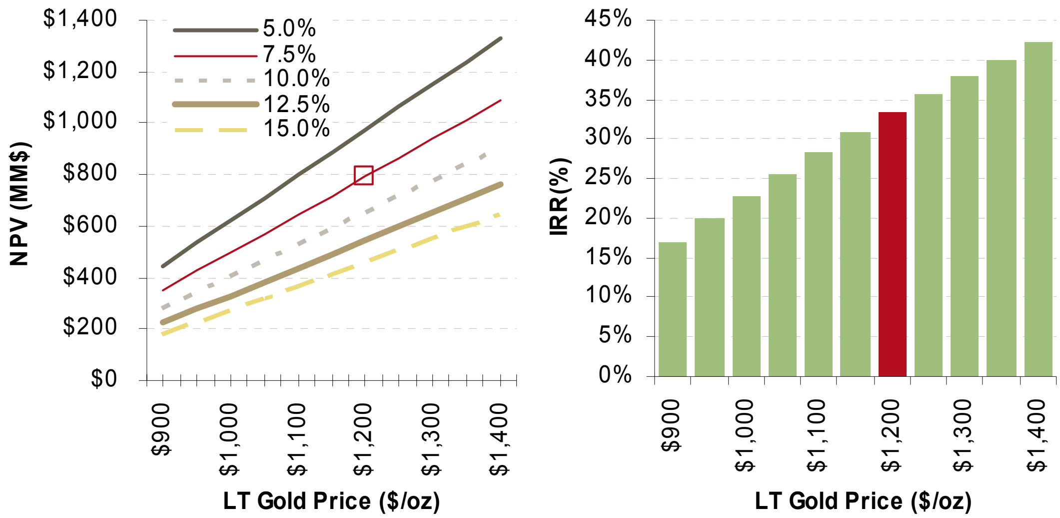
Average LOM Production Of 181Koz At $470/oz Cash Costs

The Twangiza mine is currently expected to begin production in Q4/11. We expect the mine to have a short ramp up period producing approximately 119,000oz of gold in its first year with cash costs of $355/oz. As Banro starts up Phase II, cash costs will increase slightly to $364/oz, and trend higher thereafter once Phase I oxide material is completely depleted. Strip ratios tend to be lower in the first year at 1.5 before increasing to 2.0 in 2013. We note that some may see our estimates as conservative as our DCF-based NAVPS and production profile are currently only incorporating the reserves for Twangiza. We have modeled Twangiza according to the current mine plan from the updated technical report completed in March 2011 with an 18 year mine life. Cash operating costs are expected to average ~$470/oz, on the lower end of Banro's producing peers. Mining costs over the life of the mine average $1.78/t moved, milling costs average $14.63/t of ore and general and administrative costs average $2.11/t of ore. This equates to an all-in operating cost of $22.03/t ore at Twangiza over the 18 year mine life. We have anticipated an initial CAPEX, including contingency, of $209 MM (of which $150 MM has been sunk), followed by $400 MM of development CAPEX (2013-2014) for Phase II and sustaining CAPEX of $332.5MM over the 18 year life of mine. We currently apply a 7.5% discount rate for the project to account for risks associated with a development stage project and the additional risks that are attached to doing business in the DRC. At a $1,200/oz LT gold price, we calculate a NPV of $793 MM at Twangiza or $3.79 per share.

Commentary On Metallurgy

To date, Banro has completed metallurgical testing on all three types of ore that is to go to the mill (oxide, transitional, sulphide). Testing resulted in the interpretation that the oxide sediments and porphyry, transitional and fresh rock feldspar porphyry host rock are all non-refractory, while the transitional and fresh rock sedimentary ores are of a refractory nature or contain some refractory material. A comminution circuit was designed that consists of a single stage crushing and a SAG and ball mill operating in a closed circuit with hydrocyclones. A conventional gravity carbon in leach plant was used in the feasibility study and is expected to recover 20-25% of the feed as free gold. Banro is using a process that incorporates production of sulphide concentrates by flotation, fine-grinding the flotation concentrate and liberating the refractory gold to be processed through conventional cyanidation. Through this method BAA has seen recoveries increase from 36.4% to 64.0% for transition refractory ore and from 51.7% to 72.2% for fresh refractory ore.

Figure 8 **Twangiza NPV & IRR Sensitivities**

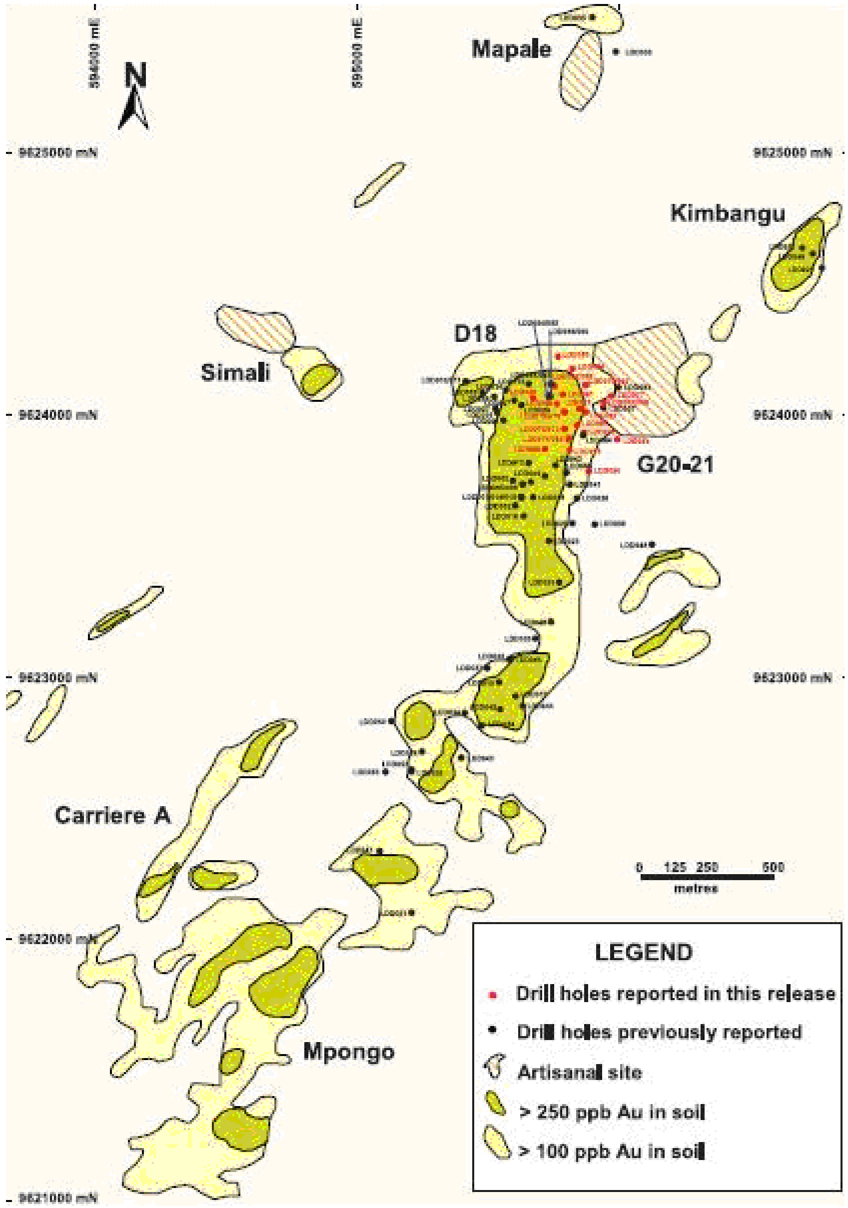


Source: Cormark Securities Inc.

Lugushwa In The Pipeline

Banro's Lugushwa project is made up of three exploitation permits which cover an area of 641km^2. The property lies ~150km southwest of the town of Bukavu in South Kivu Province in the DRC. Lugushwa is 100% owned by BAA and the project currently contains an inferred resource of 2.7 MMoz Au grading 2.3g/t. Although alluvial gold was first discovered in the 1920s, mining did not begin until the late 1950s. Exploration for primary gold deposits began in 1963 and led to the discovery of several deposits. Most of the primary gold mineralization was based on selective surface and underground development along specific mineralized quartz veins and stockworks. To date, no significant open-pit mining for primary gold mineralization has taken place at Lugushwa. It is estimated that over 457,000oz of gold was produced from alluvial sources and an additional 10,000oz of gold produced from primary sources between 1958 and 1996. Banro acquired Lugushwa in 1996 but did not begin an exploration program there until 2005. A fifty-four hole drill campaign took place the following year over 8,322m with positive results. By the end of 2009 the company had drilled 16,333m via 97 holes. Exploration work has continued with a scoping study planned for Q3/11. Investors can expect to see upside as Banro begins to better understand this deposit and moves it through the stages of development.

Figure 9 **Lugushwa Deposits**

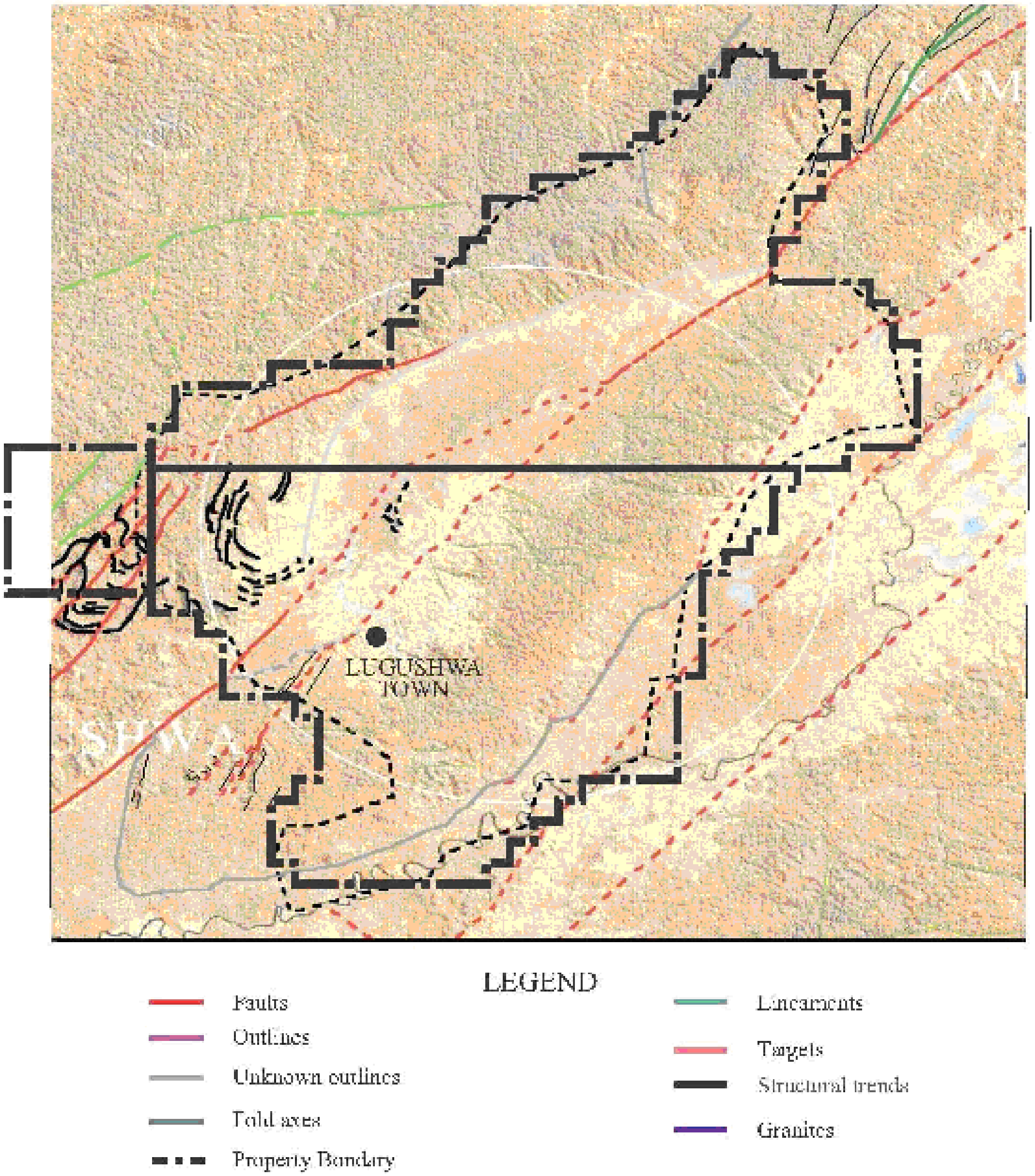


Source: Banro Corporation

Stockwork And Veins Hosted In Quartzite

The Lugushwa orebody is made up of stockwork and veins hosted in quartzite. The project is located in the 210km Twangiza-Namoya gold belt of Archean and Proterzoic age. The main mineralized trend consists of chloritic metapelites and quartzite with mineralized quartz veins and stockworks occurring as a network of interlocking conjugate sets. Lugushwa gold mineralization is related to a series of stacked shoots associated with the axial zones of shallowly plunging, northeast trending folds. The mineralization at Lugushwa suggests the potential for hosting a large multi-million ounce resource based on the class of intrusion-related gold deposit that is interpreted. The mineralization appears to be associated with the tin-tungsten bearing granites that have intruded the metasediments of the Proterozoic belt. The mineralization is interpreted to be strongest in the hinges of northerly plunging folds.

Figure 10 **Lugushwa Lansat Image**



Source: Banro Corporation

Scoping Study In The Works

BAA began exploring the Lugushwa project in January 2005. Throughout that year the company's work included gridding, geological mapping, soil sampling, trenching, surveying and adit sampling. In July, the Company announced positive trenching results at the G20 prospect while trenching was continuing at G20 and G21. Gridding and soil sampling continued during 2006 along with the beginning of drilling at the start of the year. In 2006, soil sampling intended to extend the sampling grid northwards to cover the Kolo area and southwards to follow the open-ended Carriere A anomaly. The soil sampling also focused on sampling of infill lines in the northern part of Carriere A to better define the area prior to drilling. Banro began its 5,000m drill campaign at the G20/21 prospect in February 2006. Drill results announced in June that year had intersected wide zones of near surface gold mineralization including: 20.8m of 2.49 g/t Au, 11.6m of 12.67 g/t Au, 43.9m of 1.66 g/t Au and 41.6m of 1.62 g/t Au. The soil and trenching programs meanwhile had extended the mineralization trend to +5km and were still open to the northeast and southwest. Throughout 2007, BAA completed 11 holes over 2,493m bringing the total of drilling done on the project by the company to 65 holes over 10,815m. Highlights from the 2007 program included 192.8m of 2.84 g/t Au, 101.0m of 2.25 g/t Au and 78.8m of 1.56 g/t Au. The following year Banro planned a 10,000m core drilling program focused on existing deposits and extensions as well as newly defined targets. The results of this program were to be used in a PEA that was expected to be completed by the end of the year. The PEA was later delayed and is now planned to be completed in Q3/11. Drill results from the 2008 program included 26 holes at the D18 prospect with results intersecting 73.9m grading 1.26 g/t Au from surface and 49.9m grading 1.55 g/t Au from surface. Throughout 2009, several targets were identified for follow-up drilling through the use of auger drilling, trenching and soil, rock and stream sampling. Currently, the company is completing metallurgical testwork to optimize recoveries of oxide, transitional and sulphide ore types, similar to those at Twangiza. As BAA continues to drill we expect significant resource upside to be present.

Figure 11 Lugushwa Abbreviated Financial Model (Cormark Estimate)

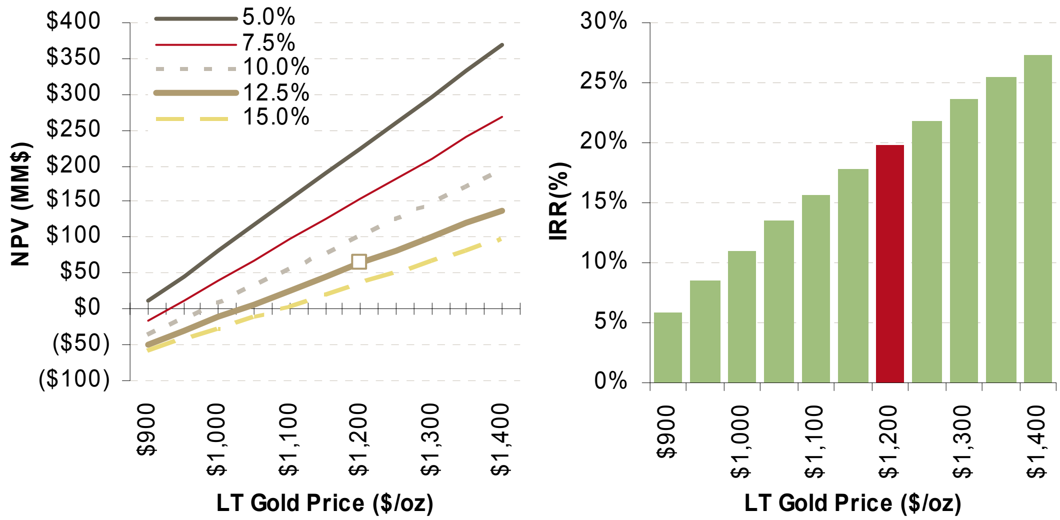
Lugushwa Abbreviated	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Resource Tonnage (MMt)	37.0	37.0	37.0	35.2	33.4	31.6	29.8	28.0	26.2	24.4	22.6
Average Grade (g/T Au)	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.4
Contained Ounces (MMoz)	2.7	2.7	2.7	2.6	2.5	2.4	2.2	2.1	2.0	1.8	1.7
Ore Tonnes Mined (MMt)				1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Waste Tonnes Mined (MMt)				12.6	12.6	12.6	12.6	12.6	12.6	12.6	12.6
Strip Ratio (W:O)				7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Average Grade (g/T Au)				2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Metallurgical Recovery (%)				80%	80%	80%	80%	80%	80%	80%	80%
Gold Production (Koz)				**102**	**102**	**102**	**102**	**102**	**102**	**102**	**102**
Cash Costs ($/oz)				**$541**	**$517**	**$521**	**$540**	**$564**	**$572**	**$576**	**$567**
Revenue (MM$)				$122	$122	$122	$122	$122	$122	$122	$122
EBITDA (MM$)				$66	$68	$68	$66	$64	$63	$62	$63
CAPEX (MM$)		$125	$125	$4	$4	$4	$4	$5	$5	$5	$5
After-Tax Free Cash Flow (MM$)		**$(125)**	**$(125)**	**$62**	**$64**	**$64**	**$62**	**$59**	**$58**	**$58**	**$59**

Source: Cormark Securities Inc

1.2MMoz Of Gold Production At Average Cash Costs Of $556/oz

We have modeled Lugushwa using its 37MMt resource estimate with construction to begin in 2014. Initial CAPEX is estimated to be $250 MM to construct the mine over a two-year period with initial production in 2016. Over the mine's 12 year life, 14.4 MMt of material will be mined per year at a strip ratio of 7:1 which will supply 1.8MMt per year of ore to the mill. With head grades of 2.20 g/t Au and recoveries of 80% we estimate that the mine will produce approximately 102,000oz of gold per annum or 1.2MMoz over its life. Cash operating costs are expected to average ~$556/oz. Mining costs over the life of the mine average $1.89/t moved, milling costs average $15.00/t of ore and general and administrative costs average $1.04/t of ore. This equates to an all-in operating cost of $31.19/t ore at Lugushwa. We have anticipated that sustaining CAPEX will total $64.4MM over the life of mine. Using a 12.5% discount rate to account for similar risks as Twangiza, along with the project's early stage, and a $1,200/oz LT gold price we calculate a NPV of $59 MM at Lugushwa or $0.28 per Banro share fully diluted. We note that our DCF for Lugushwa is meant to be a conservative one, and we will likely look to revise our numbers upward post completion of the scoping study in Q3 this year.

Figure 12 **Lugushwa NPV And IRR Sensitivities**

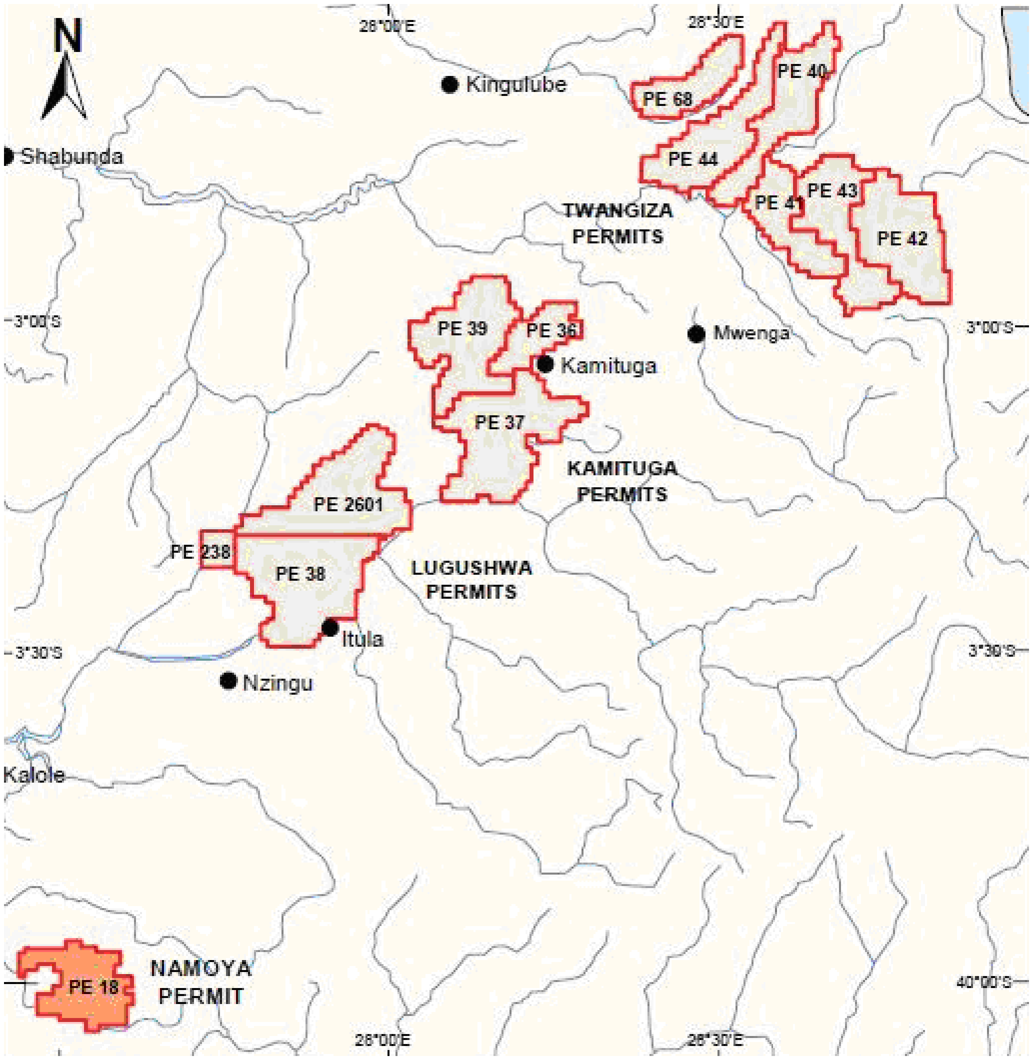


Source: Cormark Securities Inc

Namoya In The Pipeline

The third project in Banro's pipeline, Namoya, is located at the southern end of the Twangiza-Namoya gold belt in Maniema province in the DRC. The Namoya project is made up of one exploration permit that covers 174 km^2 with the project itself comprised of four separate deposits named Mwendamboko, Muviringu, Kakula and Namoya Summit. Approximately 225km to the northeast lies the town of Bukavu. The property is 100% owned by Banro and currently contains Measured & Indicated resources of 1.14 MMoz of gold grading 2.45g/t and an Inferred resource of 0.54 MMoz of gold grading 1.89g/t. In 1930, alluvial gold deposits were discovered and subsequently mined until 1947. Throughout those years, primary gold was discovered which lead to underground mining on the Filon 'B' deposits in 1947. As further discoveries were made, selective mining was carried out at Mwendamboko, Kakula and Muvringu. Most of the selective mining took place as small-scale underground development along specific mineralized quartz veins or stockwork zones. A small open pit was established on Mt. Mwendamboko in the 1950s. Although a significant amount of unmined resources remained, mining stopped in1961 with limited amounts of exploration completed since. It is estimated that total historical production from Namoya was ~278,000oz of gold. Banro regained control of Namoya in February 2002 after having it expropriated by the government in 1998. Exploration work began right away with a scoping study completed in August 2007 and a preliminary economic assessment completed as recently as January 2011.

Figure 13 **Namoya Location**

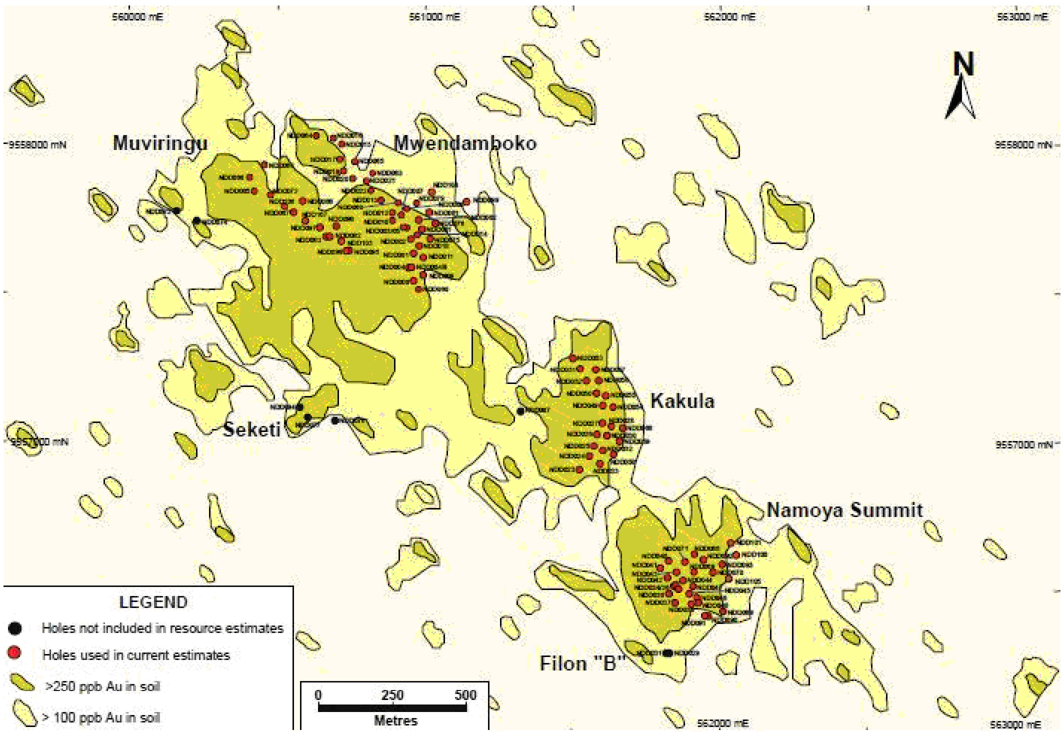


Source: Banro Corporation

Geology

The Namoya project is located in the 210km Twangiza-Namoya gold belt of Archean and Proterzoic age. A series of quartz stockwork deposits are hosted in a 2.5km, north-west/south-east trending shear zone within sericite schists which structurally control the mineralization. The summits of Mt. Mwendamboko, Mt. Namoya, Mt Kakula and Mt. Muviringu display outcroppings of the auriferous vein systems. Eight other hills in the region have also displayed mineralized stockwork outcrops. A fine grained sericite schist with associated albite, quartz, chlorite and calcite acts as the main host rock for the gold mineralization. The host sediments are mostly cross-cut by quartz veins and quartz stockworks and have also been intruded by quartz-feldspar porphyry. The primary gold mineralization is hosted in the quartz systems and its associated sediments.

Figure 14 **Soil Geochemistry At Namoya**



Source: Banro Corporation

M&I Resources Of 1.12MMoz & Inferred Resources Of 0.41MMoz

In 2004, Banro established the first field camp at Namoya and began mapping, soil geochemical work, adit work and trench geochemical sampling in an effort to define the mineralized zones for drilling. In May the following year, adit sampling results returned 15m of 5.02 g/t Au and 24m of 2.22 g/t Au. BAA followed the exploration work up in July with an Indicated resource of 4.56 MMT grading 2.97 g/t Au. A 7,000m drill program in 2006 intersected impressive results of 7.98m of 38.63 g/t Au, 15.74m of 7.46 g/t Au, 7.1m of 16.01 g/t Au and 10.4m of 4.5 g/t Au. These results were reported along a strike length of 240m at Mwendamboko and 120m at Kakula. In September 2007, Banro updated the resource estimate at Namoya while the drill program continued. The revised calculation resulted in Indicated resources of 7.4MMT of 2.91 g/t Au. Results from a 520 hole, 10,826m drill campaign were released in early 2007 with intersections that included 22.2m of 7.75 g/t Au, including 11.41m of 10.24 g/t Au. A scoping study was completed in July 2007 with the project planned for first production in late 2010 or early 2011. In 2008, BAA completed prefeasibility drilling at Namoya with three rigs in operation and the prefeasibility study planned for completion in Q2 of that year. The study was subsequently delayed and scheduled for completion by the end of 2008; meanwhile 52 holes were drilled focused on upgrading resources from Inferred to Measured & Indicated. The delay was due to the desire to include recent metallurgical work in the study. After receiving positive results from metallurgical testwork at Mwendamboko, the company decided to carry out the same tests at Summit, Kakula and Muviringu to determine their suitability for heap leaching. Banro believed that positive results could lead to lower costs and earlier production. Drilling in August returned 29m of 5.59 g/t Au, 7.7m of 18.58 g/t Au and 13.5m of 9.14 g/t Au while two rigs were in operation. At the end of the year, it was announced that the prefeasibility study had been further delayed until Q2/09. An updated resource in March 2009 was based on 210 diamond drill holes, 82 historical underground holes and resampling of old mine adits. This resource estimate included Measured & Indicated resources of 17.5 MMT grading 1.99 g/t Au and Inferred resources of 8.5 MMT grading 1.5 g/t Au at a cut-off grade of 0.4 g/t Au.

Throughout 2009, BAA completed exploration work at Namoya that included auger drilling, gridding, mapping, and soil, stream, and rock sampling to delineate additional targets for future drilling. Infill drilling resumed in 2010 with two new gold mineralization zones being discovered in June, to the southwest and northwest of the Namoya Summit prospect. Results from trench sampling at the southwest zone produced 4m grading 2.73 g/t Au and 10m grading 8.24 g/t Au, while at the northwest zone trenching discovered 12m grading 5.12 g/t Au and 6m grading 8.93 g/t Au. In 2011, BAA completed a preliminary assessment of Namoya which has been incorporated into our model. Based on the positive results from the PEA, the Company has begun a full feasibility study to be completed by the end of the year.

Figure 15 **Namoya Abbreviated Financial Model (Cormark Estimate)**

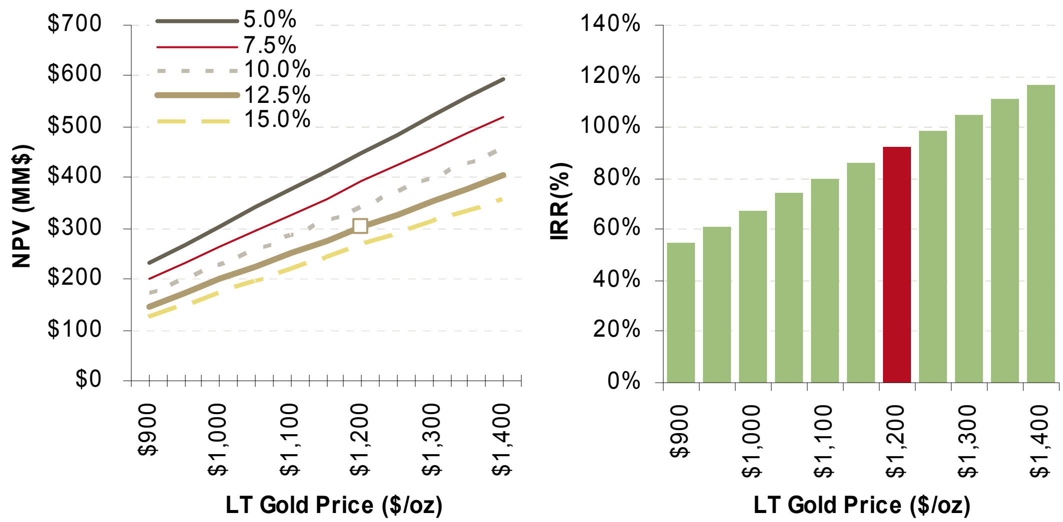
Namoya Abbreviated	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Resource Tonnage (MMt)	25.9	25.9	23.9	21.9	19.9	17.9	15.9	13.9	11.9	9.9
Average Grade (g/T Au)	1.8	1.8	1.8	1.7	1.7	1.6	1.6	1.5	1.5	1.4
Contained Ounces (MMoz)	1.5	1.5	1.4	1.2	1.1	0.9	0.8	0.7	0.6	0.4
Ore Tonnes Mined (MMt)			2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Waste Tonnes Mined (MMt)			3.3	3.8	6.0	7.6	10.0	8.0	10.0	10.0
Strip Ratio (W:O)			1.7	1.9	3.0	3.8	5.0	4.0	5.0	5.0
Average Grade (g/T Au)			2.6	2.2	2.0	2.3	2.0	2.1	2.0	2.0
Metallurgical Recovery (%)			86%	86%	86%	86%	85%	85%	85%	85%
Gold Production (Koz)			**143**	**123**	**112**	**125**	**107**	**113**	**107**	**107**
Cash Costs ($/oz)			**$296**	**$332**	**$388**	**$380**	**$494**	**$427**	**$494**	**$494**
Revenue (MM$)			$172	$148	$135	$150	$128	$136	$128	$128
EBITDA (MM$)			$128	$106	$90	$101	$74	$86	$74	$74
CAPEX (MM$)		$118	$2	$2	$2	$2	$2	$2	$2	$2
After-Tax Free Cash Flow (MM$)		$(118)	$126	$103	$88	$99	$72	$84	$72	$72

Source: Cormark Securities Inc

~836,000oz Of Gold Over Its Seven-Year Mine Life

We have modeled Namoya using the preliminary assessment released on January 24, 2011. We are currently using the project's full 1.5MMoz resource estimate and expect construction to begin in 2012. Based on the completed study, initial CAPEX is estimated to be $118.2MM spent over ~12 months to construct the mine and CIL plant, with initial production in 2013. An average of 7.9MMT of material is mined per year at a strip ratio of 3.1:1 supplying 2.0 MMt of ore per year to the mill over a seven-year mine life. Head grades are expected to be between 1.95 g/t at their lowest to 2.60 g/t at the high end with recoveries averaging 85%, producing an average of 119 Koz of gold per annum or 836Koz over the project's life. Cash operating costs are expected to average ~$410/oz. Mining costs over the life of the mine average $2.53/t moved, milling costs average $8.24/t of ore and general and administrative costs average $3.14/t of ore. This equates to an all-in operating cost of $22.90/t ore at Namoya. Sustaining capital is expected to total $17.3MM over the life of mine. Continuing to use a 12.5% discount rate, to account for similar risks as the other projects, and a $1,200/oz LT gold price we calculate a NPV of $302 MM at Namoya or $1.44 per share.

Figure 16 **Namoya NPV And IRR Sensitivities**



Source: Cormark Securities Inc.

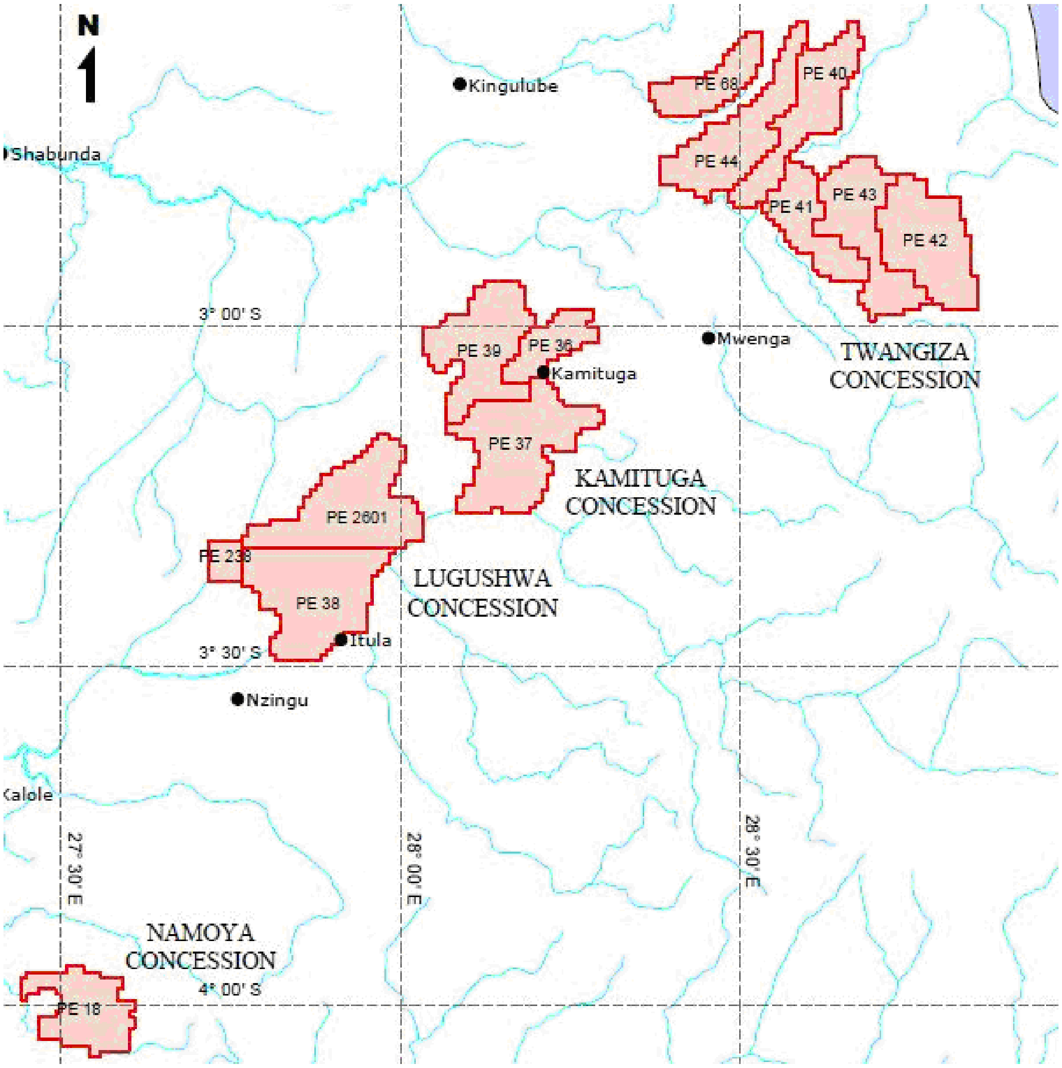
Kamituga

The Kamituga project is comprised of three mining titles covering an area of ~649km^2. The project is located 100km southwest of Bukavu and had previous alluvial and underground operations take place there. The property is 100% owned by Banro and currently contains an Inferred resource containing 0.92 MMoz of gold grading 3.9g/t. In the 1920s, gold was first reported in several surrounding rivers (Luliaba, Mobale, Kahushimira, Kamakundu and Idoka). In 1924 commercial alluvial gold mining began followed by exploration in the 1930s which led to the discovery of a number of high grade quartz veins. Mining of these veins began in 1937 at the Mobale underground operation. The operation was shutdown in 1996 after producing ~1.5 MMoz of gold from hard rock mining and alluvial mining. Throughout its mining history alluvial gravels produced 29 gold nuggets weighing over 1 kg each. Like the other properties, Banro regained control of Kamituga in 2002 from the DRC government. Banro's work on the project has been limited as the company focuses on the lower hanging fruit first.

Exploration Upside Potential

Toward the end of 2004, BAA announced the commencement of an exploration program on its four properties to complete grid establishment, geological mapping, soil geochemical work, adit work and trench geochemical sampling in an effort to define the mineralized zones for drilling. Banro followed this exploration work up in the latter half of 2005 at Kamituga with a program focused on the disseminated, wall rock mineralization that had been neglected by past activities. Exploration work on this area continued through 2006. BAA completed LIDAR, aeromagnetic and radiometric surveys of the property in 2007. The main goal of these surveys was to identify future exploration targets. Throughout 2008 the company focused on analyzing the data with no exploration completed. In an attempt to focus on the company's projects that were more near term, Banro did not complete any ground exploration work at Kamituga in 2009. During that year, the exploration program at Kamituga focused on desktop analysis of the project's geology. Current plans include gridding, geological mapping, soil, trench and adit sampling focusing on the bulk tonnage potential near the Little Mobale open pit.

Figure 17 **Kamituga Location**



Source: Banro Corporation

Gold Mineralization Hosted In Quartz Veins and Stockworks

Kamituga lies within the same 210km Twangiza-Namoya gold belt of Archean and Proterzoic age. Sericite schists and amphibolites contain high grade, shallow dipping, sheeted quartz veins and stockworks which host the gold mineralization at Kamituga. The company has stated that the concession remains relatively untested outside of the area surrounding the Mobale Mine. That said, evidence around the mine supports the theory that wide-scale occurrence of gold mineralization could exist.

Strategic MOU With China Reduces Risk

MOU With China Gold International

On April 21, 2011 Banro signed a non-binding memorandum of understanding ("MOU") with China Gold International Resources Corporation Limited. China Gold is a publically traded company listed on the TSX (CGG-TSX), and produces ~100Koz/yr Au from the Chang Shan Hao mine (one of the country's largest) located in Inner Mongolia province, China. The company's largest shareholder (at 39.3%) is China National Gold, the Chinese state owned gold mining company, and the largest gold producer in the country. On this basis, CGG can effectively be viewed as the international arm of the Chinese gold mining business.

MOU A Great Deal For Banro

While not much detail pertaining to the MOU was provided in Banro's announcement on April 21, 2011, after several discussions with management, we regard the potential deal between Banro and the Chinese as a key derisking event for the former, and a creative way to gain a foothold in an emerging gold producing region for the latter. This MOU is a multi-faceted way to reduce risk for Banro:

- As the single largest trading partner of the DRC, China is aligned well with the country's national and regional governments. China has invested heavily in the DRC not only in terms of mining, but also infrastructure. The fact that Banro has struck a partnership agreement with such an influential and important group within the DRC should be viewed positively. On this basis, proposed transactions contemplated by the MOU would/should remove significant geopolitical risk for Banro.
- China Gold International's balance sheet is effectively backed by the Chinese government. The MOU can effectively be looked at as a very low-cost form of financing for Banro, insofar as it has the option to monetize its assets at NAV, whereas equity financings (at levels sub our NAVPS of C$5.94 per share would be extremely dilutive). On this basis, proposed transactions contemplated by the MOU would/should mitigate future financing risk for Banro.
- China Gold is an operating mining company, and completed significant due diligence on Twangiza, Namoya, Lugushwa, and Kamituga. Structured in a way that effectively puts Banro in the "driver's seat" proposed transactions contemplated by the MOU would/should de-risk Banro's asset base from a technical perspective.

MOU About Accelerated Growth For Banro

When, and if, Banro deems it to be appropriate, the company could monetize portions of Twangiza and/or its project pipeline via proposed transactions contemplated by the Chinese MOU to facilitate accelerated production growth and reserve/resource expansion. The company's ground in South Kivu could easily warrant a $50 MM exploration program, and if BAA was better capitalized, it would presumably be able to accelerate construction of Twangiza Phase II as well. Putting this aside, with more money being spent in the ground, Banro would also look toward accelerating development at Lugushwa and resource definition at Kamituga. In our view, the MOU is to the benefit of Banro insofar as it removes some financing, geopolitical and technical risk from the company, and accelerates its growth plans.

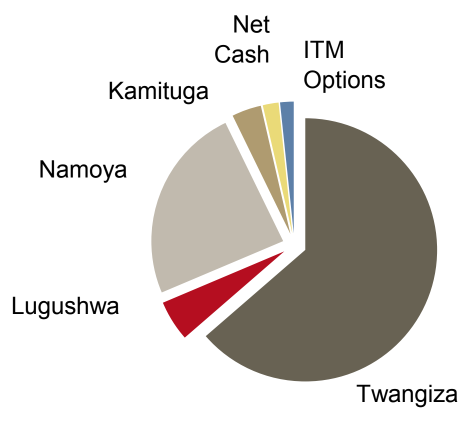
Production Growth Through Development

Four Projects In Development Pipeline

We estimate an overall net asset value of $1,244 MM for Banro. As shown in Figure 18, Twangiza makes up the majority of our NAV given its large resource base, production expected in the near term and the majority of the initial CAPEX sunk. Based on our long-term gold price deck of $1,200/oz and discount rates of 7.5% and 12.5%, the three projects we have incorporated into our model have estimated NAVs of $793 MM (Twangiza – 7.5%), $59 MM (Lugushwa – 12.5%) and $302 MM (Namoya – 12.5%). We currently value Kamituga on a contained ounce basis using $50/oz in-situ. Once more information becomes available on Banro's fourth project (Kamituga) we will adjust our model accordingly. This method provides us with an NAV for the project of $46 MM or $0.22 per share. Incorporating BAA's in-the-money option and net cash balance exiting 2011 (Cormark estimate), we calculate a net asset value of C$5.94 per Banro fully diluted share. With the stock currently trading at $3.58 or 0.60x NAVPS, we believe that investors are not giving Banro the value it deserves; being that it is within six months of production and should garner a multiple to NAV once production begins. Investors should also note that our discount rate could be considered on the conservative side with the likelihood of being lowered once production begins and the company proves its ability to properly and safely operate in the DRC.

Figure 18 **Banro NAVPS Breakdown**

MINING ASSETS	**MM$**	**$/share**
Twangiza - 7.5% DCF	$793	$3.79
Lugushwa - 12.5% DCF	$59	$0.28
Namoya - 12.5% DCF	$302	$1.44
Kamituga - $50/oz in-situ	$46	$0.22
FINANCIAL ASSETS		
Net Cash (exit 2011)	$24.5	$0.12
ITM Options	$19.7	$0.09
Net Asset Value (C$)	**$1,244**	**$5.94**
Dilutive Shares Outstanding (MM)		209.4
Current BAA share price (C$/share)		$3.58
Price/NAV		**0.60x**



Source: Cormark Securities Inc.

Continuous Project Stream Coming Online

Based on the three projects we currently incorporate into our model and DCF-based NAVPS, Banro has the potential to be producing gold at below $550/oz cash costs for at least the next 15 years. We expect Twangiza to pour first gold by the end of 2011 and ramp up quickly as the first 2+ years are entirely free-dig oxide material. Remaining capital costs for this year are approximately $59 MM. We expect production in the first full year to be ~120,000oz at cash costs of approximately $355/oz. As the mining moves into the harder material, we expect production to average 265,000oz per annum at cash costs averaging $492/oz. With Twangiza up and running we expect Namoya will be the next mine that is operational in 2014. Capital costs are expected to be $118 MM spent over two years. We anticipate a short mine life of seven years with production averaging 119,000oz per year at cash costs of $366/oz, but do see potential for significant reserve/resource growth at the project. Following Namoya, we estimate Lugushwa beginning to produce in 2016 after a two-year build at a cost of $250 MM. Production is anticipated to be 102,000oz per year over a 12 year mine life.

Figure 19 Banro Company Wide Production And Cost Profile

	2011	2012	2013	2014	2015	2016	2017	2018
Gold Price Forecast ($/oz)	$1,500	$1,400	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200
Production								
Twangiza	21	119	119	119	275	265	265	265
Lugushwa						102	102	102
Namoya			143	123	112	125	107	113
Total Production (000oz)	**21**	**119**	**262**	**242**	**388**	**491**	**473**	**479**
Cash Operating Cost								
Twangiza	$408	$355	$364	$364	$427	$445	$445	$445
Lugushwa						$541	$517	$521
Namoya			$296	$332	$388	$380	$494	$427
Average Cash Cost ($/oz)	**$408**	**$355**	**$326**	**$348**	**$416**	**$448**	**$472**	**$457**

Source: Cormark Securities Inc.

Future Upside Potential Is Strong

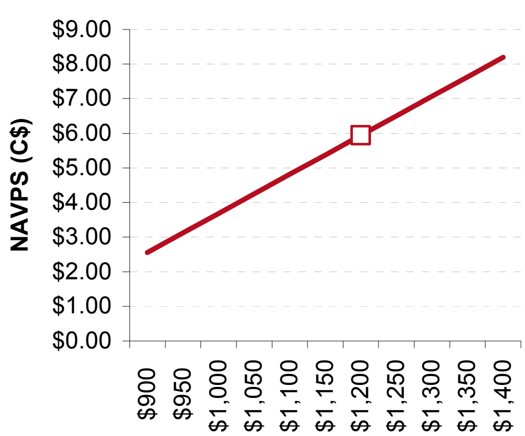
In Figure 20, we present sensitivities to NAVPS for the three main projects in the Banro pipeline, Twangiza, Lugushwa, and Namoya. We note that with every $50 change in LT gold price, our net asset value estimate for Banro as a company would be adjusted by C$0.56 or 9.4%. As the Company moves forward and proves itself as a producer we expect a rerating which could come in the form of a lower discount rate and/or a P/NAV multiple increase. At a 7.5% discount rate for all projects our NAV would increase by 15% to C$6.80. Our NAVPS estimate of C$5.94 is based on current resources at all four projects, the production profile as highlighted in BAA's recent technical reports for Twangiza and Namoya, $50/oz in-situ at Kamituga, and our conservative mine plan forecast at Lugushwa. As the various mines move along the development pipeline our model will be adjusted to incorporate the new information. We believe that with Banro trading at such a steep discount to NAV it presents a great opportunity for investors to get into a low-cost, well-financed emerging producer at an early stage. Value creation for Banro shareholders will be three-tiered;

1) Lowering of the discount rate as production nears
2) Ultimately trading at NAVPS or a premium to NAVPS
3) Boosting the NAVPS through resource growth, and advancement of pipeline

As such, there is a bias to the upside with respect to our C$5.94 NAVPS and C$6.00 target.

Figure 20 NAVPS Sensitivities By Asset

	NAVPS Sensitivies By Asset					
LT Au Price	Twangiza 7.50%	Lugushwa 12.50%	Namoya 12.50%	Kamituga $50/oz	Net Cash diluted	Company-wide
$900	$1.67	($0.25)	$0.70	$0.22	$0.21	$2.56
$950	$2.02	($0.16)	$0.83	$0.22	$0.21	$3.12
$1,000	$2.38	($0.07)	$0.95	$0.22	$0.21	$3.68
$1,050	$2.73	$0.02	$1.07	$0.22	$0.21	$4.25
$1,100	$3.08	$0.11	$1.20	$0.22	$0.21	$4.81
$1,150	$3.43	$0.19	$1.32	$0.22	$0.21	$5.38
$1,200	$3.79	$0.28	$1.44	$0.22	$0.21	**$5.94**
$1,250	$4.14	$0.37	$1.56	$0.22	$0.21	$6.50
$1,300	$4.49	$0.46	$1.69	$0.22	$0.21	$7.07
$1,350	$4.84	$0.55	$1.81	$0.22	$0.21	$7.63
$1,400	$5.19	$0.64	$1.93	$0.22	$0.21	$8.19



Source: Cormark Securities Inc.

Balance Sheet Strong Through 2011 And Beyond

Following the recent financing, Banro is well capitalized to complete construction of Twangiza and begin producing in Q4 this year. With approximately $92 MM in cash, no debt and $19.7 MM worth of in-the-money options, Banro's balance sheet can be characterized as strong through 2011 and beyond. As described previously, the company plans on spending approximately $59 MM this year to advance Twangiza to production. Once in operation, free cash flow generated from the mine operations should provide BAA with the cash necessary to advance the other projects to production, in addition to ramping up the exploration budget. Based on our estimates and our $1400/oz gold price in 2012 the company should generate operating cash flow of $105 MM in its first full year of production.

Excellent Takeover Potential

With a strong and proximal portfolio of development projects already well down the derisking/development path, combined with its attractive valuation and good balance sheet, Banro appears ripe for a takeover in our view. On an EV/Resource and EV/Reserve basis Banro is trading at ~$53/oz and ~$130/oz respectively. When looking at Banro as a developer or a producer these values are on the low end versus its peers. Alternatively, we have compared Banro to recent African takeovers such as Moto Goldmines, Red Back Mining, Equigold NL and Orezone. We see that Banro continues to look cheap in comparison, especially versus the producing takeovers. Below we present a comparison of these recent takeovers to show the inherent attractiveness of BAA as a takeover candidate.

Figure 21 **Banro vs. Recent Comparable Takeovers**

	Stage	EV ($MM)	Reserves (MMoz)	Resources (MMoz)	EV/ Reserves ($/oz)	EV/ Resources ($/oz)	Announce. Date	Gold Price ($/oz)
Banro Corporation	**Developer**	**$591**	**4.5**	**11.2**	**$130**	**$53**	**N/A**	**N/A**
Moto Goldmines	Developer	$629	3.8	15.8	$165	$40	7/16/2009	$937
♦ Red Back Mining	Producer	$6,959	7.3	12.5	$956	$557	8/2/2010	$1,183
Equigold NL	Producer	$953	1.9	3.0	$505	$321	3/20/2008	$910
Orezone	Developer	$221	1.6	2.8	$139	$79	12/11/2008	$821

◆ During the past twenty-four months, Cormark Securities Inc., either on its own or as a syndicate member, participated in the underwriting of securities for Red Back Mining

Source: Cormark Securities Inc. and company reports

First Gold Producer In The DRC

Infrastructure

The properties that Banro holds are remotely located in the Congo with no existing power supply suitable for its requirements, leaving the Company on its own to provide the necessary power needed. On the plus side, Banro should be able to fulfill the necessary water requirements through retention facilities within river valleys near the projects. Local workforces consist of subsistence farmers and artisanal miners with limited numbers of well educated people. Skilled labour will be limited at the outset of the mining operation and Banro has initiated various training programs to facilitate a smooth ramp-up. Connecting roads exist throughout the country however many need upgrading or repairs to handle the type of traffic that accompanies a full scale mining operation.

Gradual Cash Cost Growth Over Five Years

We have modeled cash costs to increase gradually from $355/oz in 2012 with only Twangiza operating. Once the company's three projects have come online we believe cash costs will average $456/oz of gold produced, assuming average production of 459,000oz of gold per year. We note that costs are on the low end relative to its peers and we regard them as conservative in our model. The currency in the DRC is the Congolese Franc, however it is not widely used, with the US dollar being more prominent in the country.

Taxation, Ownership, And Royalty Regime

The DRC implemented a new mining code in 2003 with the support of the World Bank. This new code along with the recent completion of a review of 61 mining concessions has opened the doors to a mining friendly jurisdiction looking to attract outside investment. The Company's properties are comprised of 13 Exploitation Permits with mining licenses and 14 Exploration Permits without. Banro holds a 100% interest in all its properties and is subject to a 1% gross royalty and a 4% net profits payment after recovery of all sunk CAPEX. Through a 30 year mining convention that was ratified in 1997, BAA benefits from a 10 year income tax holiday from commencement of production on each of its projects. Once the tax exemption expires each project will be subject to a 30% tax rate thereafter. Under the convention, the Company has also been granted the ability to export all gold production and operate in US currency. It is also not subject to import duties and has been granted title confirmation for all concessions.

Figure 22 **Congolese Producers**

Mine	Owner	Commodity	Start	Ann. Production
Big Hill Tailings	OM Group Inc (55%)	Co-Cu	Q2/05	4,000t Co
Etoile	Chemaf SPRL (Shalina Resources) (100%)	Cu-Co	Q3/06	11,500t Cu; 3,000t Co
Frontier	First Quantum Minerals Ltd. (95%)	Cu-Au-Co	Q4/07	73,000t Cu
Kamoto JV	Katanga Mining Ltd. (75%)	Cu-Co	Q4/07	196,000t Cu; 4,000t Co
Kinsevere	Anvil Mining Ltd. (95%)	Cu	Q2/07	24,000t Cu
KOV	Katanga Mining Ltd. (75%)	Co-Cu	Q3/10	150,000t Cu; 8,000t Co
Mbuji-Mayi Bakwanga	Mwana Africa plc (100%)	Di	1950	6,000,000ct Di
Mukondo Mountain	Central African Mining and Exploration Co pl (35%)	Co-Cu	Q1/07	8,000t Co
Ruashi-Etoile	Metorex Ltd. (75%)	Cu-Co	Q3/06	36,000t Cu; 4,500t Co
Tenke Fungurume	Freeport-McMoRan Copper and Gold Inc. (56%)	Cu-Co	Q1/09	113,500t Cu; 8,200t Co

Source: Cormark Securities Inc., Metals Economics Group

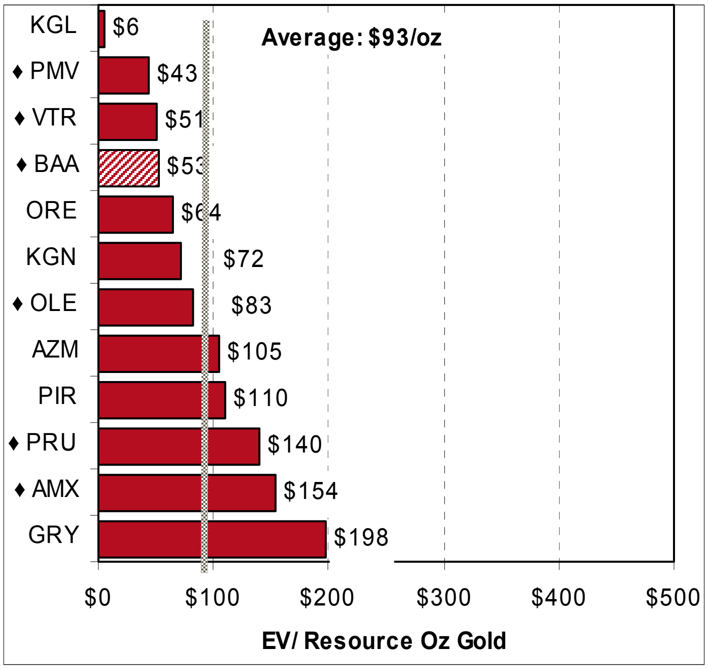
Undervalued Across The Board

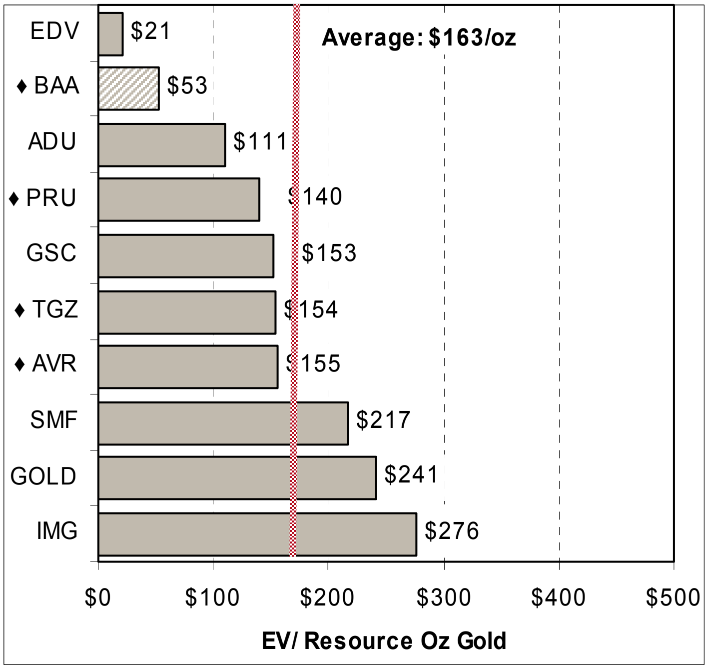
With Banro being so close to production one can argue that its peer group is more likely the West African gold producers. Banro trades at 6.68x 2012E CFPS relative to its African producing peer group at an average of 7.37x 2012E CFPS. The company trades well below intrinsic value at 0.60x NAVPS, vs. the 0.86x NAVPS average enjoyed by its producing peers. In terms of EV/Production 2012, Banro trades in line with its peers but falls at the bottom on every other aspect including EV/Fully ramped output, EV/Reserve and EV/Resource.

Trading At A Discount To Peers On EV/Resource Ounce Basis

When compared to its explorer and developer peers on an EV/oz basis, Banro trades at $53 per resource oz, at the lower end of the group which averages $93/oz. The company's producing peers average $163/oz of resources while Banro is undervalued again at the lower end. Being that this metric tends to exclude several adjustments such as those for grade, metallurgy, strip ratio, geopolitical risk, infrastructure, financing risk, etc. we do not see much value add on its own. Nevertheless, in Figures 23, we present BAA's position amongst its two peer groups.

Figure 23 **EV/Resource Comparison Explorer/Developers & Producers**





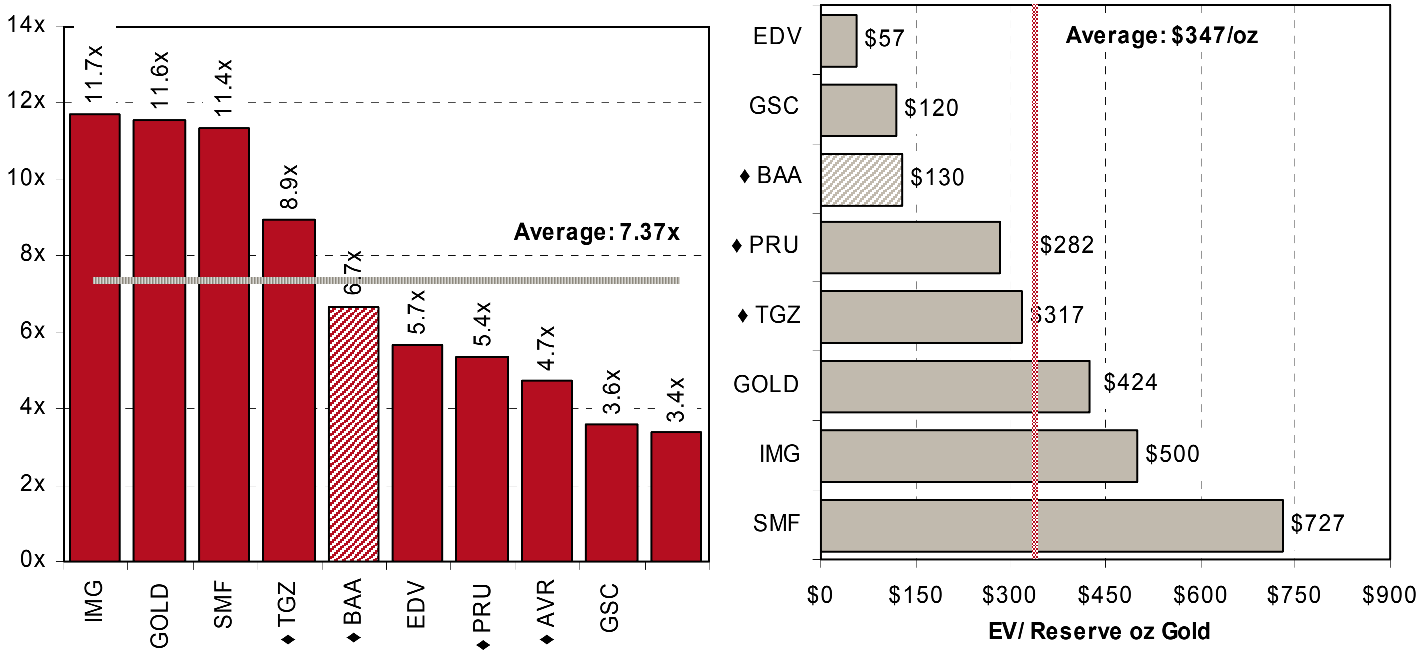
♦ During the past twenty-four months, Cormark Securities Inc., either on its own or as a syndicate member, participated in the underwriting of securities and provided financial advice regarding the stock market insight and / or financial advice regarding the stock market insight and financial analysis regarding potential transactions for these companies.

Source: Cormark Securities Inc.

Trading In Line With Producing Peers On P/CFPS (2012) And Below On EV/Reserves

On a price to cash flow basis, Banro is trading relatively inline with its producing peer group's average. BAA's peer group averages 7.37x 2012E CFPS, while Banro trades at 6.68x 2012E CFPS currently. On an EV/Reserves basis, BAA trades at $130/oz versus its peer average of $347/oz. We expect that as the company ramps up production and proves that it can deliver, the stock will garner a rerating causing it to trade more in line with its peers.

Figure 24 **P/CFPS (2012E) & EV/Reserves**



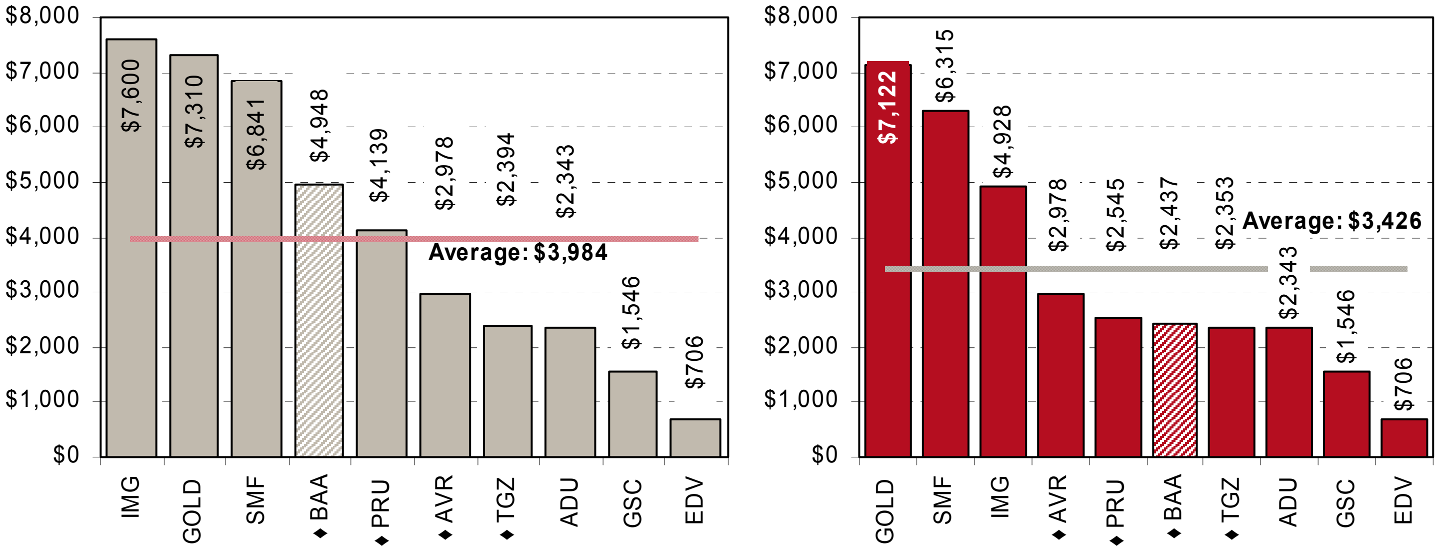
◆ During the past twenty-four months, Cormark Securities Inc., either on its own or as a syndicate member, participated in the underwriting of securities and provided financial advice regarding the stock market insight and / or financial advice regarding the stock market insight and financial analysis regarding potential transactions for these companies.

Source: Cormark Securities Inc.

Undervalued On An EV/Fully Ramped Production Basis

On a near-term production basis, Banro trades at $4,948/oz (2012 output), just above average relative to its African gold producing peers at $3,984/oz. As evidenced below, BAA is trading below its peer average on an EV/fully ramped production level at $2,437/oz versus $3,426/oz. This indicates that investors are paying less for the company's growth prospects than for other comparable African gold producers. We believe this discount is a result of BAA's current development stage and expect production to facilitate a rerating.

Figure 25 **EV/2012E Production & EV/Fully Ramped Production**



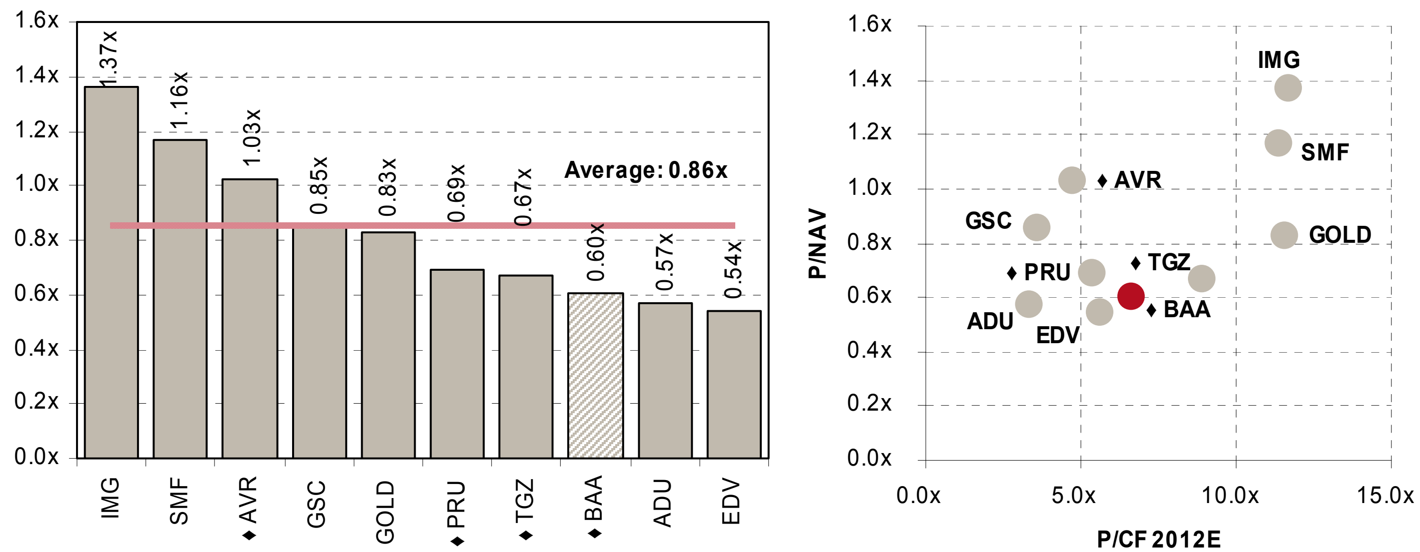
◆ During the past twenty-four months, Cormark Securities Inc., either on its own or as a syndicate member, participated in the underwriting of securities and provided financial advice regarding the stock market insight and / or financial advice regarding the stock market insight and financial analysis regarding potential transactions for these companies.

Source: Cormark Securities Inc.

P/NAV Continues To Show Banro Is Undervalued

Currently, BAA trades well below its intrinsic value at 0.60x NAVPS and below its peer average of 0.86x. With ◆Perseus (PRU-TSX, ASX, Buy - $5.00) in a similar stage of development as Banro we would expect that the two would trade in line with each other. Below we have presented a comparison of P/NAVPS of BAA's producing peers as well as a P/NAVPS vs. P/2012E CFPS. It is quite obvious from the two comparative metrics that Banro has a significant amount of upside which we believe should be gained upon a production rerating (derisking event) within the next 12 months.

Figure 26 **P/NAVPS Valuation Versus West African Gold Producers**



◆ During the past twenty-four months, Cormark Securities Inc., either on its own or as a syndicate member, participated in the underwriting of securities and provided financial advice regarding the stock market insight and / or financial advice regarding the stock market insight and financial analysis regarding potential transactions for these companies.

Source: Cormark Securities Inc.

Initiating With A Buy (S) Recommendation And C$6.00 Target

We believe that with Banro trading at such a steep discount to NAV it presents a great opportunity for investors to get into a low cost, well financed emerging producer at an early stage. Shareholder value creation for Banro will be three-tiered.

1. Lowering of the discount rate as production nears
2. Ultimately trading at NAVPS or a premium to NAVPS
3. Boosting the NAVPS through resource growth, and advancement of pipeline

Based on a target multiple of 1.0x NAVPS, **we are initiating coverage on Banro Corporation with a Buy (S) rating and 52-week target price of C$6.00.**

◆ During the past twenty-four months, Cormark Securities Inc., either on its own or as a syndicate member, participated in the underwriting of securities for Perseus Mining Limited

Appendix A: Abbreviated Financial Models

Figure 27 **Twangiza – Abbreviated Financial Model**

Fiscal YE Dec. 31 (US$000s)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Gold Price (US$/oz)	$1,226	$1,500	$1,400	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200
Mineable Resource (MMoz)	4.5	4.5	4.4	4.3	4.1	3.8	3.4	3.1	2.8	2.4	2.2	2.0	1.8	1.6
Ore Tonnes Mined (000s)		325	1,600	1,700	1,700	5,450	5,450	5,450	5,450	5,450	3,750	3,750	3,750	3,750
Waste Tonnes Mined (000s)		494	2,432	3,400	3,400	10,900	10,900	10,900	10,900	10,900	7,500	7,500	7,500	7,500
Strip Ratio (W/O)		1.5	1.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total Ore To Plant		325	1,600	1,700	1,700	5,450	5,450	5,450	5,450	5,450	3,750	3,750	3,750	3,750
Au Head Grade (g/T)		2.2	2.6	2.4	2.4	2.0	1.9	1.9	1.9	1.9	1.8	1.8	1.8	1.8
Au Recovery (%)		92%	90%	90%	90%	78%	78%	78%	78%	78%	72%	72%	72%	72%
Gold Prod. (oz) - 100% basis		**21,080**	**119,400**	**119,055**	**119,055**	**275,325**	**264,502**	**264,502**	**264,502**	**264,502**	**156,270**	**156,270**	**156,270**	**156,270**
Mining Cost / Tonne (Ore)		$1.78	$1.78	$1.78	$1.78	$1.78	$1.78	$1.78	$1.78	$1.78	$1.78	$1.78	$1.78	$1.78
Mining Cost / Tonne (Waste)		$1.78	$1.78	$1.78	$1.78	$1.78	$1.78	$1.78	$1.78	$1.78	$1.78	$1.78	$1.78	$1.78
Milling Cost / Tonne (Ore)		$17.77	$17.77	$17.77	$17.77	$14.00	$14.00	$14.00	$14.00	$14.00	$14.00	$14.00	$14.00	$14.00
G&A Cost / Tonne (Ore)		$3.89	$3.89	$2.00	$2.00	$2.00	$2.00	$2.00	$2.00	$2.00	$2.00	$2.00	$2.00	$2.00
Cost Per Tonne Milled		**$26.15**	**$26.15**	**$25.11**	**$25.11**	**$21.34**	**$21.34**	**$21.34**	**$21.34**	**$21.34**	**$21.34**	**$21.34**	**$21.34**	**$21.34**
Revenue (000s)			**167,160**	**142,866**	**142,866**	**330,390**	**317,402**	**317,402**	**317,402**	**317,402**	**187,524**	**187,524**	**187,524**	**187,524**
Operating Costs (000s)			42,430	43,282	43,282	117,680	117,626	117,626	117,626	117,626	80,806	80,806	80,806	80,806
Royalty 0% (000s)			1,672	1,429	1,429	3,304	3,174	3,174	3,174	3,174	1,875	1,875	1,875	1,875
Cash Cost Inc. Royalty (US$/oz)			**355**	**364**	**364**	**427**	**445**	**445**	**445**	**445**	**517**	**517**	**517**	**517**
EBITDA			**123,058**	**98,155**	**98,155**	**209,406**	**196,602**	**196,602**	**196,602**	**196,602**	**104,843**	**104,843**	**104,843**	**104,843**
Depreciation			15,917	13,858	22,151	53,127	53,057	55,302	57,831	60,726	37,878	40,100	42,600	45,457
Expansion / Initial CAPEX (000s)	89,000	72,000	-	200,000	200,000	-	-	-	-	-	-	-	-	-
Sustaining CAPEX (000s)	-	2,500	10,000	10,000	10,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Total CAPEX	**89,000**	**74,500**	**10,000**	**210,000**	**210,000**	**20,000**	**20,000**	**20,000**	**20,000**	**20,000**	**20,000**	**20,000**	**20,000**	**20,000**
BT Free Cash Flow (000s)	-89,000	-74,500	113,058	-111,845	-111,845	189,406	176,602	176,602	176,602	176,602	84,843	84,843	84,843	84,843
Corporate Tax Rate	-	-	-	-	-	-	-	-	-	-	-	13,423	12,673	11,816
AT Free Cash Flow (000s)	**-89,000**	**-74,500**	**113,058**	**-111,845**	**-111,845**	**189,406**	**176,602**	**176,602**	**176,602**	**176,602**	**70,753**	**71,420**	**72,170**	**73,027**
NPV Ungeared (MM) 7.5%	**793**													
NPV Ungeared (MM) 5.0%	975													

Source: Cormark Securities Inc.

Figure 28 **Lugushwa – Abbreviated Financial Model**

Fiscal YE Dec. 31 (US$000s)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Gold Price (US$/oz)	$1,226	$1,500	$1,400	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200
Mineable Resource (MMoz)	2.7	2.7	2.7	2.7	2.7	2.7	2.6	2.5	2.4	2.2	2.1	2.0	1.8	1.7
Ore Tonnes Mined (000s)							1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Waste Tonnes Mined (000s)							12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600
Strip Ratio (W/O)							7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Total Ore To Plant							1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Au Head Grade (g/T)							2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Au Recovery (%)							80%	80%	80%	80%	80%	80%	80%	80%
Gold Prod. (oz) - 100% basis							**101,865**	**101,865**	**101,865**	**101,865**	**101,865**	**101,865**	**101,865**	**101,865**
Mining Cost / Tonne (Ore)							$1.79	$1.62	$1.65	$1.78	$1.95	$2.00	$2.03	$1.97
Mining Cost / Tonne (Waste)							$1.79	$1.62	$1.65	$1.78	$1.95	$2.00	$2.03	$1.97
Milling Cost / Tonne (Ore)							$15.00	$15.00	$15.00	$15.00	$15.00	$15.00	$15.00	$15.00
G&A Cost / Tonne (Ore)							$1.02	$1.03	$1.03	$1.03	$1.04	$1.05	$1.05	$1.05
Cost Per Tonne Milled							**$30.32**	**$29.00**	**$29.23**	**$30.26**	**$31.61**	**$32.07**	**$32.32**	**$31.78**
Revenue (000s)							**122,238**	**122,238**	**122,238**	**122,238**	**122,238**	**122,238**	**122,238**	**122,238**
Operating Costs (000s)							55,085	52,711	53,123	54,978	57,409	58,233	58,692	57,719
Royalty 1% (000s)							1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222
Cash Cost (US$/oz)							**541**	**517**	**521**	**540**	**564**	**572**	**576**	**567**
EBITDA							**65,931**	**68,304**	**67,893**	**66,038**	**63,607**	**62,783**	**62,324**	**63,296**
Depreciation							21,201	21,584	22,009	22,498	23,072	23,737	24,520	25,443
Expansion / Initial CAPEX (000s)					125,000	125,000	-	-	-	-	-	-	-	-
Sustaining CAPEX (000s)					-	-	4,407	4,217	4,250	4,398	4,593	4,659	4,695	4,618
Total CAPEX					**125,000**	**125,000**	**4,407**	**4,217**	**4,250**	**4,398**	**4,593**	**4,659**	**4,695**	**4,618**
BT Free Cash Flow (000s)					-125000	-125000	61,524	64,087	63,643	61,639	59,014	58,124	57,628	58,679
Corporate Tax Rate					-	-	-	-	-	-	-	-	-	-
AT Free Cash Flow (000s)					**-125000**	**-125000**	**61,524**	**64,087**	**63,643**	**61,639**	**59,014**	**58,124**	**57,628**	**58,679**
NPV Ungeared (MM) 12.5%	**59**													
NPV Ungeared (MM) 5.0%	217													

Source: Cormark Securities Inc.

Figure 29 **Namoya – Abbreviated Financial Model**

Fiscal YE Dec. 31 (US$000s)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Gold Price (US$/oz)	$1,226	$1,500	$1,400	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200
Mineable Resource (MMoz)	1.5	1.5	1.5	1.4	1.2	1.1	0.9	0.8	0.7	0.6	0.4	-	-	-
Ore Tonnes Mined (000s)				1,991	2,000	2,000	2,001	2,000	2,001	2,000	2,000	-	-	-
Waste Tonnes Mined (000s)				3,291	3,757	6,046	7,574	9,955	7,981	9,955	9,955	-	-	-
Strip Ratio (W/O)					1.9	3.0	3.8	5.0	4.0	5.0	5.0			
Total Ore To Plant				1,991	2,000	2,000	2,001	2,000	2,001	2,000	2,000	-	-	-
Au Head Grade (g/T)					2.2	2.0	2.3	2.0	2.1	2.0	2.0			
Au Recovery (%)					86%	86%	86%	85%	85%	85%	85%			
Gold Prod. (oz) - 100% basis				**143,147**	**123,331**	**112,430**	**125,022**	**106,968**	**113,075**	**106,968**	**106,968**	**-**	**-**	**-**
Mining Cost / Tonne (Ore)					$2.80	$2.40	$2.40	$2.40	$2.40	$2.40	$2.40			
Mining Cost / Tonne (Waste)					$2.80	$2.40	$2.40	$2.40	$2.40	$2.40	$2.40			
Milling Cost / Tonne (Ore)					$8.30	$8.10	$8.10	$8.10	$8.10	$8.10	$8.10			
G&A Cost / Tonne (Ore)					$3.14	$3.14	$3.14	$3.14	$3.14	$3.14	$3.14			
Cost Per Tonne Milled					**$19.50**	**$20.90**	**$22.72**	**$25.59**	**$23.21**	**$25.59**	**$25.59**			
Revenue (000s)				**171,777**	**147,997**	**134,915**	**150,026**	**128,361**	**135,689**	**128,361**	**128,361**	**-**	**-**	**-**
Operating Costs (000s)				42,307	40,973	43,589	47,472	52,883	48,257	52,883	52,883	-	-	-
Royalty 1% (000s)				1,718	1,480	1,349	1,500	1,284	1,357	1,284	1,284	-	-	-
Cash Cost (US$/oz)				**296**	**332**	**388**	**380**	**494**	**427**	**494**	**494**	**-**	**-**	**-**
EBITDA				**127,752**	**105,545**	**89,977**	**101,055**	**74,194**	**86,075**	**74,194**	**74,194**	**-**	**-**	**-**
Depreciation				18,369	16,161	15,094	17,267	15,305	16,925	17,089	19,246	-	-	-
Expansion / Initial CAPEX (000s)			118,200	-	-	-	-	-	-	-	-	-	-	-
Sustaining CAPEX (000s)			-	2,157	2,157	2,157	2,157	2,157	2,157	2,157	2,157	-	-	-
Total CAPEX			**118,200**	**2,157**	**2,157**	**2,157**	**2,157**	**2,157**	**2,157**	**2,157**	**2,157**	**-**	**-**	**-**
BT Free Cash Flow (000s)			-118200	125595	103,387	87,820	98,897	72,037	83,918	72,037	72,037	-	-	-
Corporate Tax Rate			-	-	-	-	-	-	-	-	-	-	-	-
AT Free Cash Flow (000s)			**-118200**	**125595**	**103,387**	**87,820**	**98,897**	**72,037**	**83,918**	**72,037**	**72,037**	**-**	**-**	**-**
NPV Ungeared (MM) 12.5%	**302**													
NPV Ungeared (MM) 5.0%	449													

Source: Cormark Securities Inc.

Appendix B: Key Management

Simon Village **Chairman & CEO**	Mr. Village has over 20 years of gold industry and investment experience. His previous experience includes Managing Director, World Gold Council, principal of Exchange Traded Gold, Managing Director with HSBC responsible for Global Mining and Head of HSBC's South African Securities business.
Arnold T. Kondrat **Executive Vice-President & Director**	Mr. Kondrat is the founder of the Company with over 15 years experience in the DRC. He is also President and Managing Director of Sterling Portfolio Securities, a private venture capital firm based in Toronto with over 20 years experience in the corporate finance field.
Donat K. Madilo **Chief Financial Officer**	Mr. Madilo joined Banro in 1996 and has over 17 years of experience in finance and administration.
Dan Bansah **Vice-President, Exploration**	Mr. Bansah has over 20 years of mineral resource and ore reserve estimation experience. His previous experience includes Group Mineral Resource Manager with Ashanti Goldfields.
Gary Chapman **Project and Mine Manager**	Mr. Chapman has over 34 years of gold mining experience both underground and open pit. Previously, he was responsible for organic growth projects, developing feasibility studies, orebody evaluation, and strategic and medium term planning. His experience includes Operations Manager at the Tarkwa Gold Mine in Ghana where he led the team responsible for doubling the reserve.
Desire Sangara **Vice President, Government Relations**	Mr. Sangara has over 17 years of experience in the DRC's exploration and mining sector. His previous experience includes senior positions with the Belgium-Luxemburg mining company, Mindev, and seven years as the country manager with Ashanti Goldfields.

Appendix C: Directors

Simon Village **Chairman & CEO**	See Appendix B
Arnold T. Kondrat **Director, Executive VP**	See Appendix B
Peter Cowley **Director**	Mr. Cowley is a geologist with 40 years of international experience in the minerals industry. He is President & CEO of ◆Loncor Resources Inc. and was President of Banro from June 2004 to March 2008, and also the CEO of the Company until September 2007. Previously, he was Managing Director of Ashanti Exploration, where he played a major role in the discovery and development of the Geita mine in Tanzania. Peter is also a director of Cluff Gold plc.
John Clarke **Director**	Mr. Clarke is a non-executive director of Mediterranean Resources Ltd. and Great Quest Metals Ltd. His experience includes Director, Vice-Chairman and CEO of Nevsun Resources and Executive Director of Ashanti Goldfields Company Limited.
Bernard van Rooyen **Director**	Mr. van Rooyen has over 40 years over experience in the mining industry. He is also a director of Mvelaphanda Resources Limited, Ndowana Exploration (Pty) Limited, Northam Platinum Limited and Trans Hex Group Limited. Mr. van Rooyen also serves on the Executive Committees of the Dwaalkop and Pandora Platinum Joint Ventures.
Dr. Peter Ruxton **Director**	Mr. Ruxton is President and CEO of Gentor Resources Inc, a non-executive Director of Platmin and non-executive Chairman of GGG Resources plc. His previous experience includes working with Billiton Australia as Regional Exploration Manager: Northern Territory and as a fund manager and partner with Actis Capital LLP, focusing on Africa and Emerging Markets.
Richard Lachcik **Director**	Mr. Lachcik is a partner in the Canadian law firm of Macleod Dixon LLP which acts as counsel to Banro. He specializes in corporate and securities law and is chair of Macleod Dixon's Global Mining Group.

◆ During the past twenty-four months, Cormark Securities Inc., either on its own or as a syndicate member, participated in the underwriting of securities for Loncor Resources Inc.

Appendix D: Risks to Target

Geopolitical Risk	This risk deals with policies such as permitting and tax laws that are managed by governments and the perceived stability and investment environment. These policies can greatly affect mining companies, and in some cases prevent mining from occurring. Generally, developing countries are seen as being more risky because of the potential of a quick change in power to drastically change policies. Developed countries have their own geopolitical risk issues, and jurisdictions with powerful environmental lobbies can also make mining or exploration difficult.
Financing Risk	Mining and exploration companies may require external capital, particularly when building new mines. In order to finance these endeavors, equity or project dilution may be taken in order to fund the equity portion of the capital costs if the project is to be developed. Shareholders may also be subordinated by lenders in order to finance a mining project.
Commodity Price Risk	Our short- and long-term commodity price assumptions are based on detailed research, and viewed to be reasonable based on current information. However, the timing and magnitude of commodity price fluctuations are always a significant risk that, in most cases, strongly affects the value of mining and mineral exploration/development companies focused on a specific commodity. Currently, the primary metal exposure for Banro Corporation is gold.
Technical Risk	Mining operations are subject to unforeseen risks such as labour strikes, rock bursts, geological interruptions, and equipment failure, all of which may negatively affect a company's performance. Ore reserve and resource risk is another technical risk that is derived from the subjective nature of geological interpretation. Competent, qualified personnel calculate ore reserves and resources, and in most cases have a high accuracy, but any significant variation on reserves could drastically impact a company's operations and the value of its shares.
Exploration Risk	In some cases, the market may build in expectations for exploration success before the actual exploration work has taken place. In the event that results do not meet with the market's expectation, the company's shares may be negatively affected.
Cost Risk	Both capital and operating costs may be affected by changes in input prices (fuel, steel, chemicals, etc.) and by relative currency changes. Companies may be at risk of unexpected cost escalation as a result of these potential threats.
Regulatory Risk	In some cases, the market may build in expectations for exploration success before the actual exploration work has taken place. In the event that results do not meet with the market's expectation, the company's shares may be negatively affected.

Notes Page

Notes Page

Notes Page

Recommendation Terminology

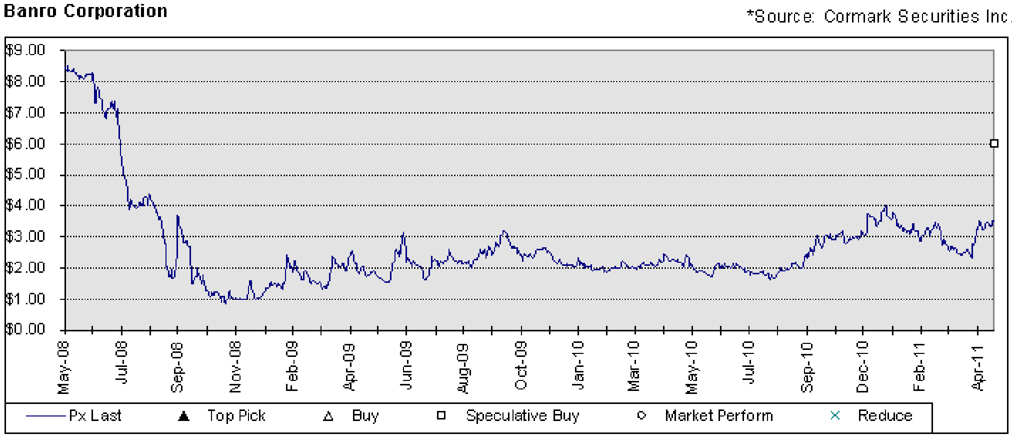
Cormark's recommendation terminology is as follows:

Top Pick	our best investment ideas, the greatest potential value appreciation
Buy	expected to outperform its peer group
Market Perform	expected to perform with its peer group
Reduce	expected to underperform its peer group

Our ratings may be followed by "(S)" which denotes that the investment is *speculative* and has a higher degree of risk associated with it.

Additionally, our target prices are based on a 12-month investment horizon.

Figure 30 **Disclosure Chart**



Disclosure Statement

Recommendation / Target Chg Date	C$
10-May-11	6.00 (B-S)

The Investment Industry Regulatory Organization of Canada Rule 3400 and the Financial Industry Regulatory Authority Rule 2711 (US) require certain disclosure and compliance in research reports in general, Cormark Securities Inc. and Cormark Securities (USA) Limited (collectively "Cormark") are in compliance with the above-noted recommendations, rules, and regulations where they apply. The firm does not receive compensation for any non-securities or non-investment banking related services. Neither the analyst nor the associate (if any), or any member of his/her household, serve as an officer, director or advisory board member of the subject company(ies).

During the last 24 months, has Cormark provided financial advice to and/or, either on its own or as a syndicate member, participated in a public offering, or private placement of securities of this issuer? (●) Yes ( ) No

During the last 24 months, has Cormark received or is expected to receive compensation for having provided investment banking services to this issuer? (●) Yes ( ) No

During the last 24 months, has the analyst of this company received compensation from a pool that included investment banking revenue from this issuer earned by Cormark or entities affiliated with it? (●) Yes ( ) No

Does the analyst or a member of the analyst's household have a financial interest in the securities of this company? ( ) Yes (●) No

If YES
1) Is it a long and/or short position?
2) What type of security is it?

*Does Cormark and / or one or more entities affiliated with Cormark beneficially own common shares (or any other class of common equity securities) of this company which constitutes more than 1% of the presently issued and outstanding shares of this company? ( ) Yes (●) No

If the material operations of this issuer were viewed in the past 12 months, were any travel expenses paid or reimbursed by the issuer? ( ) N/A ( ) Yes (●) No

Does the analyst or Cormark and / or one or more entities affiliated with Cormark have any other material conflict of interest with the issuer? ( ) Yes (●) No

*Cormark has this percentage of its universe assigned as the following:

Buy or Top Pick	72%
Market Perform	21%
Reduce	1%
Not Rated	6%

*Over the past 24 months, the following percentage of issuers whose securities received a "Top Pick" or "Buy", a "Market Perform", or a "Reduce" rating from Cormark Securities Inc., have engaged Cormark to provide investment-banking services during this period.

Buy or Top Pick	56%
Market Perform	32%
Reduce	33%

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*Information updated monthly on or about the 5th of each month. Updated May 09, 2011

Source: Cormark Securities Inc.

Analyst Certification

We, Mike Kozak and Joshua Perelman, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject company(ies) and its (their) securities. We also certify that we have not been, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

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