

## Minews Story

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### **Banro Gets To Work On Its Four Highly Prospective Projects In The Democratic Republic Of Congo.**

Interesting to see that RBC Capital Markets has started to cover Banro Corporation. Those with long memories will remember the company back in the 90s when its properties were taken off it by the late President Kabila. That happened during the really bad old days of the Democratic Republic of Congo, but the company never gave up its claims for these properties to be reinstated and it is now back there with four highly prospective and wholly owned properties on the 210 kms long Twangiza-Namoya gold belt. This time round Simon Village is chairman and Peter Cowley chief executive. Simon is well known to Minews as a former managing director of the World Gold Council and a current director of Gold Bullion Resources and Palladex. Peter Cowley is a very experienced geologist who was managing director of Ashanti Exploration before joining Banro in June 2004. While at Ashanti he played a major role in the discovery and development of the Geita mine in Tanzania.

Peter Cowley wasted little time after joining Banro last June in launching an aggressive US\$10 million exploration programme to delineate fully and extend the total resource base on all four Banro properties. Banro has so far identified 2.01 million ounces of measured and indicated resources, plus inferred resources of 6.0 million ounces. The aim this year is to double the measured and indicated resources to more than 4 million ounces. Grades and thicknesses indicate that there is good potential for converting the resources into open pit reserves and the company believes it can add resources at a very cheap price. In addition to its current properties, which cover a total of 2,600 sq kms, Banro has also applied for and is awaiting confirmation of title for exploration permits covering an additional 6,829 sq kms on the Twangiza-Namoya gold belt.

Mark Smith at RBC Capital Markets has initiated coverage of the company with a slightly tentative Outperform, Speculative Risk. Clearly the DRC is a bit much for him to accept even though he was taken on a visit there recently. It is always worth remembering the words of Mark Bristow, managing director of Randgold Resources, "the best deposits are rarely found in the easiest of places." In this case, however, the present trouble in DRC is a good 200 kms to the north according to Peter Cowley. At least Mark Smith was impressed by the significant geological potential of Banro's properties. He also pointed out to his clients that Banro has assembled a very professional team of exploration and resource geologists with a track record in Africa which should be able to extract additional value from the current suite of assets.

Indeed he goes as far as to predict that the current programme could add

a further 1.7 million ounces to Banro's resource base in the current year. He then goes on to get involved in some very complicated sums to produce a target share price and it is underpinned by a DCF analysis on a simulated mine model for each project. Bit early for that, one might think, but he who pays the piper calls the tune and investors tend to be impatient.. It is worth noting that a value of US\$15 is attributed to every inferred ounce and US\$25 for indicated and measured ounces which is a pretty hefty discount on values given to gold-in-the-ground in other parts of Africa.

Banro itself has just given an update on progress since exploration camps were established on the Namoya and Lugushwa projects at the turn of the year. The inferred resource at Namoya is 10.2 million tonnes grading 3.6 g/t gold to give 1.17 million ounces of contained gold based on past work which included adits and cross cuts as well as drilling. 118 line kms of gridding have already been completed on the the main 2.5 kms long mineralised trend and soil sampling has taken place in the adits and crosscuts. As a result the inferred resource should be upgraded. Meanwhile gridding has also been completed on the 3.2 kms mineralised trend at Lugushwa where the inferred resource amounts to 37 million tonnes grading 2.3 g/t gold which is equivalent to 2.74 million ounces.

Banro's third project is Kamituga where the inferred resource is 7.26 million tonnes grading 3.9 g/t for 915,000 contained ounces of gold. As with Lugushwa the estimate was based on polygonal methods using historic assay results from sampling of underground adits and surface trenches. Lastly there is Twangiza where the measured resource is 268,000 ounces of contained gold and the indicated resource 1.74 million ounces , though at a lower grade. Obviously this is the most advanced of the projects, but the establishment of an exploration camp has been delayed by security problems. It should go ahead in the second quarter and it is worth noting that the country's first democratic elections are due to take place at the end of June and the UN, the EU, and the African Union are committed to helping the Transitional Government make sure it happens. Once it does, the risk element applied to projects in DRC may be reduced.