



**BANRO CORPORATION**

**Interim Consolidated Financial Statements**  
**March 31, 2009**

**(Expressed in U.S. dollars)**  
**(Unaudited)**

**Banro Corporation**  
**Interim Consolidated Financial**  
**Statements**  
**March 31, 2009**  
**(Expressed in U.S. dollars)**  
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**Banro Corporation**  
**Interim Consolidated Balance Sheets**  
**(Expressed in U.S. dollars)**  
**(unaudited)**

	<b>March 31,</b>	<b>December 31,</b>
	<b>2009</b>	<b>2008</b>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 4,874,951	\$ 2,353,600
Short-term investments (Note 2)	4,002,907	-
Accounts receivable and prepaid expenses	273,877	361,799
	9,151,735	2,715,399
<b>Restricted cash</b> (Notes 2 and 11)	4,949,345	5,074,414
<b>Investment</b> (Note 3)	236,290	764,145
<b>Property, plant and equipment</b> (Note 4)	737,528	828,344
<b>Deferred exploration expenditures</b> (Note 5)	110,007,788	105,891,819
	\$ 125,082,686	\$ 115,274,121
<b>Liabilities and Shareholders' Equity</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 2,244,375	\$ 4,295,184
<b>Commitments and guarantees</b> (Note 8 and 11)		
<b>Shareholders' equity</b>		
Share capital (Note 6)	171,929,962	158,527,626
Contributed surplus	15,095,766	14,761,134
Accumulated other comprehensive loss	(531,002)	-
Deficit	(63,656,415)	(62,309,823)
	(64,187,417)	(62,309,823)
	122,838,311	110,978,937
	\$ 125,082,686	\$ 115,274,121
<b>Common shares</b>		
<b>Authorized</b>	<b>Unlimited</b>	<b>Unlimited</b>
<b>Issued and outstanding</b>	<b>62,482,938</b>	<b>52,483,938</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Banro Corporation**  
**Interim Consolidated Statements of Operations and**  
**Other Comprehensive (Loss) Income**  
**(Expressed in U.S. dollars)**  
**(unaudited)**

<b>For the three months ended March 31</b>	<b>2009</b>	<b>2008</b>
<b>Expenses</b>		
Professional fees	\$ 181,368	\$ 132,842
Consulting fees	27,352	687
Office and sundry	176,086	260,428
Salary	424,463	459,523
Employee stock based compensation	244,042	360,776
Travel	124,168	215,556
Shareholder relations and promotion	69,535	147,314
Directors fees	30,000	25,000
Interest and bank charges	4,294	6,202
Amortization	7,365	9,297
Foreign exchange loss	63,280	381,115
	<b>(1,351,953)</b>	<b>(1,998,740)</b>
<b>Interest income</b>	<b>5,361</b>	<b>254,672</b>
<b>Loss from operations</b>	<b>(1,346,592)</b>	<b>(1,744,068)</b>
Share of equity loss of BRC DiamondCore Ltd. (Note 3)	-	(14,256)
Gain on dilution of interest in BRC DiamondCore Ltd. (Note 3)	-	11,363,090
<b>Net (loss) income for the period</b>	<b>\$ (1,346,592)</b>	<b>\$ 9,604,766</b>
Fair value adjustment on available-for-sale investment	<b>(531,002)</b>	<b>(4,715,253)</b>
<b>Other comprehensive loss for the period</b>	<b>(531,002)</b>	<b>(4,715,253)</b>
<b>Comprehensive (loss) income for the period</b>	<b>\$ (1,877,594)</b>	<b>\$ 4,889,513</b>
<b>Deficit</b> , beginning of the period	<b>(62,309,823)</b>	<b>(53,839,331)</b>
Net (loss) income for the period	<b>(1,346,592)</b>	<b>9,604,766</b>
<b>Deficit</b> , end of the period	<b>\$(63,656,415)</b>	<b>\$ (44,234,565)</b>
Basic net (loss) income per share (Note 6 (e))	<b>\$ (0.02)</b>	<b>\$ 0.24</b>
Diluted net (loss) income per share (Note 6(e))	<b>\$ (0.02)</b>	<b>\$ 0.24</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Banro Corporation**  
**Interim Consolidated Statements of Changes in Shareholders' Equity**  
**(Expressed in U.S. dollars)**  
**(unaudited)**

	Number of Shares	(Note 6) Amount	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit
December 31, 2006	38,600,637	\$ 130,181,820	\$ 6,873,851	\$ 7,284	\$ (49,523,526)
Fair value adjustment on investment available-for-sale on January 1, 2007	-	-	-	(18,825)	-
Share of BRC contributed surplus	-	-	333,270	-	-
Issuance of stock options	-	-	9,751,397	-	-
Options exercised or forfeited	1,259,500	6,411,671	(2,957,844)	-	-
Reversal of fair value upon disposition of investment available-for-sale	-	-	-	18,825	-
Translation of equity investment	-	-	-	496,286	-
Net loss for the year	-	-	-	-	(4,315,805)
December 31, 2007	39,860,137	\$ 136,593,491	\$ 14,000,674	\$ 503,570	\$ (53,839,331)
Transfer to investment for BRC Diamond Core upon loss of significant influence (Note 3)	-	-	(333,270)	(503,570)	-
Issuance of stock options	-	-	1,924,641	-	-
Options exercised or forfeited	622,801	3,734,757	(830,911)	-	-
Fair value adjustment on investment available-for-sale	-	-	-	(13,247,753)	-
Reduction in value of investment other than temporary	-	-	-	13,247,753	-
Issued share capital	12,000,000	16,639,431	-	-	-
Issued warrants	-	1,559,947	-	-	-
Net loss for the year	-	-	-	-	(8,470,492)
December 31, 2008	52,482,938	\$ 158,527,626	\$ 14,761,134	\$ -	\$ (62,309,823)
<b>Issued share capital</b>	<b>10,000,000</b>	<b>14,000,000</b>	-	-	-
<b>Financing costs</b>	-	<b>(597,664)</b>	-	-	-
<b>Issuance of stock options</b>	-	-	<b>334,632</b>	-	-
<b>Fair value adjustment on investment available-for-sale</b>	-	-	-	<b>(531,002)</b>	-
<b>Net loss for the period</b>	-	-	-	-	<b>(1,346,592)</b>
<b>March 31, 2009</b>	<b>62,482,938</b>	<b>\$ 171,929,962</b>	<b>\$ 15,095,766</b>	<b>\$ (531,002)</b>	<b>\$ (63,656,415)</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Banro Corporation**  
**Interim Consolidated Statements of Cash Flows**  
**(Expressed in U.S. dollars)**  
**(unaudited)**

<b>For the three months ended March 31</b>	<b>2009</b>	<b>2008</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net (loss) income for the period	\$ (1,346,592)	\$ 9,604,766
Adjustments to reconcile net (loss) income to net cash provided by operating activities		
Unrealized foreign exchange loss	46,038	920,354
Share of equity loss	-	14,256
Gain on dilution of interest	-	(11,363,090)
Value of options issued (Note 6(d))	244,042	360,776
Amortization	7,365	9,297
Changes in non-cash working capital		
Accounts receivable and prepaid expenses	85,829	(43,355)
Accrued interest on short-term investments	(4,378)	487,238
Accounts payable	(14,009)	79,668
	<b>(981,705)</b>	<b>69,910</b>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(26,371)	(288,330)
Short term investments	(3,998,679)	9,596,335
Change in restricted cash	56,187	-
Advances to BRC DiamondCore Ltd.	(3,564)	-
Deferred exploration expenditures (Note 5)	(5,926,231)	(8,016,479)
	<b>(9,898,658)</b>	<b>1,291,526</b>
<b>Financing activities</b>		
Common shares issued, net of issuance costs	13,402,336	1,244,806
<b>Effect of foreign exchange on cash held in foreign currency</b>		
	<b>(622)</b>	<b>(141,080)</b>
<b>Net increase in cash during the period</b>	<b>2,521,351</b>	<b>2,465,162</b>
<b>Cash, beginning of period</b>	<b>2,353,600</b>	<b>2,167,013</b>
<b>Cash, end of period</b>	<b>\$4,874,951</b>	<b>\$ 4,632,175</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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**Banro Corporation**  
**Summary of Significant Accounting Policies**  
**(Expressed in U.S. dollars)**  
**(unaudited)**

**March 31, 2009**

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**Nature of Business and Presentation**

Banro Corporation's (the "Company") business focus is the exploration of mineral properties in the Democratic Republic of the Congo (the "Congo"). The Company was continued under the *Canada Business Corporations Act* on April 2, 2004. The Company was previously governed by the Ontario *Business Corporations Act*.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern, which assumes that the Company will continue in operation for a reasonable period of time and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has not generated revenues from operations. As such, the Company's ability to continue as a going concern depends on its ability to successfully raise additional financing. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

These interim consolidated financial statements have been prepared on a basis consistent with that followed in the audited consolidated financial statements of the Company for the year ended December 31, 2008, with the exception of the changes disclosed in the notes to these interim consolidated financial statements. The disclosures contained in these interim consolidated financial statements do not include all requirements of Canadian generally accepted accounting principles for annual financial statements. Accordingly, the interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2008.

**Principles of Consolidation**

These consolidated financial statements include the accounts of the Company, its wholly-owned subsidiary in the United States, Banro American Resources Inc., and its wholly-owned subsidiaries in the Congo, Banro Congo Mining SARL, Kamituga Mining SARL, Lugushwa Mining SARL, Namoya Mining SARL and Twangiza Mining SARL. All inter-company transactions and balances have been eliminated on consolidation.

**Investments**

Investments in companies subject to significant influence are accounted for using the equity method. Investments in companies where significant influence cannot be exerted are designated as available-for-sale. See Financial Instruments – recognition and measurement for further discussion.

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**Banro Corporation**  
**Summary of Significant Accounting Policies**  
**(Expressed in U.S. dollars)**  
**(unaudited)**

**March 31, 2009**

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**Property, Plant and Equipment** Property, plant and equipment is recorded at cost less accumulated amortization. Amortization is recorded as follows:

Furniture and fixtures	- 20% declining balance basis
Office equipment	- Straight line over four years
Vehicles	- Straight line over four years
Communication equipment	- Straight line over four years
Field camps	- Straight line over four years
Surveying equipment	- Straight line over four years
Geochemistry	- Straight line over four years
Field equipment	- Straight line over four years
Leasehold improvements	- Straight line over five years

**Asset Impairment**

The Company monitors events and changes in circumstances which may require an assessment of the recoverability of its long lived assets. If required, the Company would assess recoverability using estimated undiscounted future operating cash flows. If the carrying amount of an asset is not recoverable, an impairment loss is recognized in operations, measured by comparing the carrying amount of the asset to its fair value.

**Foreign Currency Translation**

These consolidated financial statements are expressed in the functional currency of the Company, United States dollars ("U.S.\$"). The Company's foreign operations are all considered integrated operations and are translated as follows: monetary assets and liabilities are translated at the spot rates of exchange in effect at the end of the period; non-monetary items are translated at historical exchange rates in effect on the dates of the transactions. Revenues and expense items are translated at average rates of exchange in effect during the period, except for amortization which is translated at its corresponding historical rate. Realized exchange gains and losses are included in the consolidated statements of operations and other comprehensive income (loss).

**Deferred Exploration Expenditures**

Exploration costs relating to mineral properties and rights are deferred and carried as an asset until the results of the projects are known. As the Company currently has no operational income, any incidental revenues earned in connection with these properties or related exploration activities are applied as a reduction to capitalized exploration costs. If a property is determined to be non-commercial, non-productive or its value is impaired, those costs in excess of estimated recoveries are written off to operations.

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**Banro Corporation**  
**Summary of Significant Accounting Policies**  
**(Expressed in U.S. dollars)**  
**(unaudited)**

**March 31, 2009**

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**Stock Options**

The Company has a stock option plan, which is described in Note 6(d). The Company uses the fair value method of accounting for stock options granted to directors, officers and employees whereby the fair value of options granted is recorded as a compensation expense in the financial statements. Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received. Any consideration paid by directors, officers, employees and consultants on exercise of stock options or purchases of shares is credited to share capital. Shares are issued from treasury upon the exercise of stock options.

**Asset Retirement Obligations**

The fair value of the liability of an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. The Company has no asset retirement obligations recorded on its balance sheet as of March 31, 2009.

**Financial Instruments – recognition  
and measurement**

Held-for-trading financial instruments which include cash are initially measured at fair value and changes in fair value are recognized in net income for the period.

Loans and receivables, held-to-maturity financial instruments and other financial instruments are initially measured at fair value and subsequently measured at amortized cost. Gains or losses resulting from revaluation and impairment write-downs are recognized in net income (loss) for the period. The Company's short term investments are classified as held-to maturity. Accounts receivable and prepaid expenses are classified as loans and receivables while accounts payable is classified as other financial liabilities.

Available-for-sale financial assets, which include the Company's investment in BRC DiamondCore Ltd., are recorded at fair value, with unrealized changes in fair value recorded in other comprehensive income (loss) except for losses in value that are considered other than temporary. Impairment losses that are considered other than temporary are recorded in the statement of operations in the year the impairment occurs.

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**Banro Corporation**  
**Summary of Significant Accounting Policies**  
**(Expressed in U.S. dollars)**  
**(unaudited)**

**March 31, 2009**

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**Income Taxes**

The asset and liability method is used to determine income taxes. Pursuant to this method, future tax assets and liabilities are recognized for future tax consequences attributable to differences between financial statement carrying values and tax bases of assets and liabilities. Future tax assets and liabilities are measured using substantively enacted tax rates expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rate is recognized in income (loss) in the period that includes the substantive enactment date. Net future income tax assets are offset by valuation allowances to the extent that they are not more likely not to be realized.

**Net Income (Loss) per Share**

Loss per share calculations are based on the weighted average number of common shares and common share equivalents issued and outstanding during the year. Diluted income per share is calculated using the treasury method. The treasury method assumes that outstanding stock options with an average exercise price below market price of the underlying shares are exercised and the assumed proceeds are used to repurchase common shares of the Company at the average market price of the common shares for the period.

**Use of Estimates**

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions include those related to the recoverability of deferred exploration expenditures and assessment of other than temporary declines in investments.

**Variable Interest Entities**

Variable Interest Entities ("VIE's") are consolidated by the Company when it is determined that it will, as the primary beneficiary, absorb the majority of the VIE's expected losses or expected residual returns. The Company currently does not have any VIE's.

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**Banro Corporation**  
**Summary of Significant Accounting Policies**  
**(Expressed in U.S. dollars)**  
**(unaudited)**

**March 31, 2009**

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**Future Accounting Standards**

*International Financial Reporting Standards (“IFRS”)*

In February 2008, the Accounting Standards Board (“AcSB”) of the Canadian Institute of Chartered Accountants (“CICA”) confirmed that Canadian Generally Accepted Accounting Principles (“Canadian GAAP”) for publicly accountable enterprises will be converged with International Financial Reporting Standards (“IFRS”) effective in the calendar year 2011. The conversion to IFRS will be required, for the Company, for interim and annual financial statements beginning on January 1, 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement and disclosures. In the period leading up to the conversion, the AcSB will continue to issue accounting standards that are converged with IFRS such as IAS 2 “Inventories” and IAS 38 “Intangible Assets”, thus mitigating the impact of adopting IFRS at the mandatory transition date. The Company will monitor changes arising from this convergence and as required by CSA Staff Notice 52-320.

*Business Combinations*

In January 2009, the CICA issued accounting standard Section 1582, *Business Combinations*, which is effective for business combinations with an acquisition date after January 1, 2011. The standard requires the additional use of fair value measurements, recognition of additional assets and liabilities and increased disclosure. Additionally, as part of the application of 1582, companies will be required to adopt CICA handbook Section 1601, *Consolidated Financial Statements* and Section 1602, *Non-Controlling Interests*. These sections will require that non-controlling interest be presented as part of shareholder’s equity on the balance sheet and the controlling parent will be required to present 100 percent of the subsidiary’s results in the statement of operations and present the allocation between controlling and non-controlling interest. These standards will be effective January 1, 2011, with early adoption permitted.

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**Banro Corporation**  
**Summary of Significant Accounting Policies**  
**(Expressed in U.S. dollars)**  
**(unaudited)**

**March 31, 2009**

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**Accounting Changes**

*Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*

In January 2009, the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" which requires the Company to consider its own credit risk as well as the credit risk of its counterparty when determining the fair value of financial assets and liabilities, including derivative instruments. The standard is effective for the first quarter of 2009 and is required to be applied retrospectively without restatement of prior periods. The adoption of this standard did not have an impact on the valuation of the Company's financial assets or liabilities.

*Mining Exploration Costs*

In March 2009 the CICA issued EIC-174, "Mining Exploration Costs" which provides guidance to mining enterprises related to the measurement of exploration costs and the conditions that a mining enterprise should consider when determining the need to perform an impairment review of such costs. The accounting treatments provided in EIC-174 have been considered in the preparation of these interim consolidated financial statements and did not have any additional impact on the valuation of the Company's exploration assets.

*Goodwill and intangible assets*

In February 2008, the CICA issued accounting standard Section 3064, *Goodwill and intangible assets*, replacing Section 3062 *Goodwill and intangible assets* and Section 3450, *Research and development costs*. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Section 3064 is applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. The Company adopted this standard commencing in the 2009 fiscal year. The adoption did not have a significant impact on the Company's interim consolidated financial statements.

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**Banro Corporation**  
**Notes to Interim Consolidated Financial Statements**  
**(Expressed in U.S. dollars)**  
**(unaudited)**

**March 31, 2009**

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**1. Interest in Congolese Subsidiaries**

The Company operates primarily in one operating segment and its assets located in the Congo, including its interests in gold properties, may be subject to sovereign risks, including political and economic instability, government regulations relating to mining, military repression, civil disorder, currency fluctuations and inflation, all or any of which may impede the Company's activities in this country or may result in the impairment or loss of part or all of the Company's interest in the properties.

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**2. Short Term Investments**

The Company has invested in a Canadian dollar ("Cdn\$") discount note with an interest rate of 0.20%, maturity of April 29, 2009 and a market value of \$1,936,142 (Cdn\$ 2,442,157) (2008 - \$1,996,620, Cdn\$2,431,937). The Company also has investments in U.S.\$ discount notes with a market value totalling \$3,999,233 (2008 - \$nil), an interest rate of 0.1% and maturity date of April 24, 2009. These investments are classified as held-to-maturity. An amount of \$1,936,501 (2008 - \$1,995,757) outstanding in short-term investments has been reclassified to restricted cash in the balance sheet (see Note 11).

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**3. Investment in BRC DiamondCore Ltd. (formerly BRC Diamond Corporation)**

The Company owns 3,744,032 common shares, representing a 14.35% (December 31, 2008 – 14.35%) equity interest, in BRC DiamondCore Ltd. ("BRC") with a quoted market value of \$237,461 as at March 31, 2009 (December 31, 2008 - \$768,463). In addition, an amount of \$1,171 was payable to BRC with respect to the Company's share of common expenses in the Congo. The principal business of BRC is the acquisition and exploration of diamond properties. As at March 31, 2009, the Company recognized an unrealized loss of \$531,002 to other comprehensive loss to adjust the Company's investment in BRC to its fair market value of \$237,461. As at December 31, 2008, the Company recognized an unrealized loss of \$13,247,753 to other comprehensive income to adjust the Company's investment in BRC to its fair market value of \$768,463. During the fourth quarter of 2008, the global economic downturn, the credit crisis and the lack of available financing in the market, collectively resulted in a significant decline in the price of many products and commodities, including rough diamonds. BRC as well as many junior mining companies, particularly in the diamond sector, were severely impacted by the decline in price of commodities which in turn resulted in a significant decline in their stock market values during 2008, including BRC's. As a result, the Company recorded an impairment loss of \$13,247,753 and transferred the full unrealized loss from other comprehensive income to net loss to reflect an other than temporary decline in value.

On February 11, 2008, BRC completed the acquisition of all of the outstanding shares of Diamond Core Resources Limited ("Diamond Core"), a South African diamond exploration company. As the consideration for this acquisition, BRC issued to Diamond Core shareholders one common share of BRC for every 24.5 Diamond Core shares held (subject to the rounding of fractional shares), such that immediately following the completion of the acquisition, BRC had outstanding approximately 25.74 million shares and former Diamond Core shareholders held approximately 47% of BRC's outstanding shares.

As a result of this transaction, effective February 11, 2008, the Company's equity interest in BRC was reduced to approximately 14.55% and a dilution gain of \$11,363,090 was recorded. The Company no longer exercises significant influence over the operations of BRC and has reclassified this equity investment as available-for-sale.

**Banro Corporation**  
**Notes to Interim Consolidated Financial Statements**  
**(Expressed in U.S. dollars)**  
(unaudited)

**March 31, 2009**

**4. Property, Plant and Equipment**

<b>March 31, 2009</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
Furniture and fixtures	\$ 205,890	\$ 86,403	\$ 119,487
Office equipment	555,280	419,921	135,359
Vehicles	951,011	758,879	192,132
Communication equipment	101,873	60,683	41,190
Field camps	600,544	442,560	157,984
Surveying equipment	106,780	84,476	22,304
Geochemistry	186,856	145,167	41,689
Field equipment	32,011	21,741	10,270
Leasehold improvement	155,209	138,096	17,113
	<b>\$ 2,895,454</b>	<b>\$ 2,157,926</b>	<b>\$ 737,528</b>

December 31, 2008	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	\$ 202,882	\$ 80,114	\$ 122,768
Office equipment	541,397	402,950	138,807
Vehicles	951,011	718,744	232,267
Communication equipment	93,343	56,337	37,006
Field camps	600,544	411,117	189,427
Surveying equipment	106,780	79,303	27,477
Geochemistry	186,856	136,778	50,078
Field equipment	32,011	19,813	12,198
Leasehold improvement	154,259	135,943	18,316
	<b>\$ 2,869,083</b>	<b>\$ 2,040,739</b>	<b>\$ 828,344</b>

**Banro Corporation**  
**Notes to Interim Consolidated Financial Statements**  
**(Expressed in U.S. dollars)**  
(unaudited)

**March 31, 2009**

**5. Deferred Exploration Expenditures**

**Deferred Exploration Expenditures**

	<b>Three month period ended March 31, 2009</b>	<b>Year ended December 31, 2008</b>	<b>Cumulative from inception in April 1994 to March 31, 2009</b>
Exploration costs	\$ 3,915,558	\$ 40,791,660	\$ 117,608,828
Stock option compensation expense	90,590	495,203	7,018,119
Amortization of plant and equipment	109,821	517,612	1,881,899
Deconsolidation of Loncor	-	-	(332,127)
Net expenditures	<b>4,115,969</b>	41,804,475	126,176,719
Effect of exchange rate change	-	-	2,511
	<b>4,115,969</b>	41,804,475	126,179,230
Write-off	-	-	(16,191,442)
	<b>\$ 4,115,969</b>	<b>\$ 41,804,475</b>	<b>\$ 109,987,788</b>

**Mineral Rights**

	<b>Three month period ended March 31, 2009</b>	<b>Year ended December 31, 2008</b>	<b>Cumulative from inception in April 1994 to March 31, 2009</b>
Mineral rights	\$ -	\$ -	\$ 9,701,194
Write-off	-	-	(9,681,194)
	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,000</b>

Mineral rights and deferred exploration expenditures, capitalized prior to fiscal year 2000, were written off in 2000.

Total deferred exploration expenditures, March 31, 2009 **\$ 110,007,788**

Total deferred exploration expenditures, December 31, 2008 **\$ 105,891,819**

Included in total deferred exploration expenditures is a total cost of \$997,228 (2008 – \$935,452) paid by the Company to maintain the Banro Foundation, a charitable organization that promotes social responsibilities of the Company.

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**Notes to Interim Consolidated Financial Statements**  
**(Expressed in U.S. dollars)**  
(unaudited)

**March 31, 2009**

**6. Share Capital**

(a) Authorized Share Capital

Unlimited number of common shares  
Unlimited number of preference shares, issuable in series

(b) Issued Share Capital - Common Shares

On February 19, 2009, the Company completed a financing involving the issuance of 10,000,000 common shares of the Company at a price of \$1.40 per share for gross proceeds of \$14,000,000.

(c) Share Purchase Warrants

As at March 31, 2009, the Company had outstanding warrants to purchase 6,000,000 common shares of the Company at a price of \$2.20 per share until September 17, 2011.

(d) Stock Options

The Company has an incentive Stock Option Plan under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company or any of its subsidiaries.

Under this Stock Option Plan, for options granted prior to January 16, 2006, the options vest 25% immediately at grant date and 25% on each of the three consecutive six-month periods subsequent to the issuance. For options granted after January 16, 2006, 75% vest on the 12 month anniversary of their grant date and the remaining 25% of the options vest on the 18 month anniversary of their grant date. As at March 31, 2009, the Company had 6,382,750 stock options outstanding to acquire common shares at a weighted-average price of Cdn\$6.13 per share, expiring at various dates between June 2009 and March 2014.

The following table summarizes information about stock options during the period:

	Number of Options	Weighted average exercise price Cdn\$
Outstanding at December 31, 2006	4,811,051	8.36
Exercised	(1,259,500)	(4.21)
Forfeited	(224,000)	(14.63)
Granted	363,000	12.52
Outstanding at December 31, 2007	3,690,551	9.81
Exercised	(622,801)	(4.70)
Forfeited	(22,500)	(2.00)
Granted	479,500	2.35
Outstanding at December 31, 2008	3,524,750	9.74
Forfeited and expired	<b>(517,000)</b>	<b>4.79</b>
Granted	<b>3,375,000</b>	<b>2.14</b>
Outstanding at March 31, 2009	<b>6,382,750</b>	<b>\$6.13</b>

**Banro Corporation**  
**Notes to Interim Consolidated Financial Statements**  
**(Expressed in U.S. dollars)**  
(unaudited)

**March 31, 2009**

**6. Share Capital - (continued)**

(d) Stock Options - (continued)

The following table summarizes information about stock options outstanding and exercisable at March 31, 2009:

<b>Options outstanding and exercisable</b>				
<b>Date of grant</b>	<b>Number outstanding at 03/31/09</b>	<b>Options Exercisable at 03/31/09</b>	<b>Exercise price Cdn\$</b>	<b>Expiry date</b>
06/24/04	28,000	28,000	4.00	06/22/09
10/06/04	10,000	10,000	4.00	10/06/09
12/14/04	5,000	5,000	4.50	12/14/09
01/21/04	200,000	200,000	3.00	01/21/10
02/11/05	90,000	90,000	4.70	02/10/10
07/19/05	3,750	3,750	5.25	07/19/10
08/31/05	45,000	45,000	6.60	08/31/10
09/09/05	52,500	52,500	6.68	09/09/10
01/25/06	250,000	250,000	11.25	01/25/11
02/06/06	20,000	20,000	11.25	02/06/11
10/24/06	596,000	596,000	13.52	10/24/11
12/18/06	915,000	915,000	15.00	12/18/11
3/29/07	35,000	35,000	15.00	3/29/12
8/24/07	300,000	300,000	12.00	8/24/12
9/26/08	277,500	-	3.10	9/26/13
10/30/08	180,000	-	1.10	10/30/13
3/2/09	200,000	-	2.00	3/2/14
3/26/09	3,175,000	-	2.15	3/26/14
	<b>6,382,750</b>	<b>2,550,250</b>		

During the three month period ended March 31, 2009, the Company recognized in the statement of operations as an expense \$244,042 (March 31, 2008 - \$360,776) representing the fair value at the date of grant of stock options previously granted to employees, directors and officers under the Company's stock option plan. In addition, an amount of \$90,590 (March 31, 2008 - \$110,238) related to stock options issued to employees of the Company's subsidiaries in the Congo was capitalized as deferred exploration expenditures. These amounts were credited accordingly to contributed surplus in the balance sheet.

**Banro Corporation**  
**Notes to Interim Consolidated Financial Statements**  
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**March 31, 2009**

**6. Share Capital - (continued)**

(d) Stock Options - (continued)

The Black-Scholes option-pricing model was used to estimate values of all stock options previously granted based on the following factors:

- (i) risk-free interest rate: 1.35% to 1.39% (2008 – 2.02% to 2.83%)
- (ii) expected volatility: 92.51% to 95.30% (2008 – 72.22% to 79.84%)
- (iii) expected life: 3 years (2008 – 3 years)
- (iv) expected dividends: \$Nil (2008 - \$Nil)

A summary of the status of the Company's non-vested options as at March 31, 2009 and changes during the period is presented below:

	<b>Number of Options</b>	<b>Weighted average grant date fair value (Cdn\$)</b>
<b>Non-vested options</b>		
Non-vested at December 31, 2008	554,500	\$ 1.58
Granted	<b>3,375,000</b>	<b>1.26</b>
Forfeited	<b>(22,000)</b>	<b>1.31</b>
Vested	<b>(75,000)</b>	<b>5.05</b>
Non-vested at March 31, 2009	<b>3,832,500</b>	<b>\$1.23</b>

(e) Income (loss) per Share

Income (loss) per share was calculated on the basis of the weighted average number of common shares outstanding for the period ended March 31, 2009, amounting to 56,816,271 (March 31, 2008 – 39,993,104) common shares.

Diluted income (loss) per share was calculated using the treasury stock method. The diluted weighted average number of common shares outstanding for the period ended March 31, 2008 is 40,808,845 common shares. As at March 31, 2009, 8,550,250 shares related to stock options and warrants were anti-dilutive.

**Banro Corporation**  
**Notes to Interim Consolidated Financial Statements**  
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**March 31, 2009**

**7. Related Party Transactions**

Directors fees of \$30,000 (March 31, 2008 - \$25,000) were paid to non-executive directors of the Company.

Legal fees of \$230,005 (March 31, 2008 - \$95,821), incurred in connection with general corporate matters as well as the Company's financings, were paid to a law firm of which one partner is a director of the Company and another partner is an officer of the Company. As at March 31, 2009, \$176,038 (December 31, 2008 - \$87,195) owing to this legal firm was included in accounts payable.

These transactions are in the normal course of operations and are measured at the exchange amount.

The Company acts as a guarantor of a Cdn\$6,000,000 line of credit that RBC Dominion Securities has provided to BRC (see Note 11 for additional information regarding this arrangement).

**8. Lease Commitments**

The Company's future minimum lease commitments for office premises as at March 31, 2009 for the following two years are as follows:

2009	218,847	
2010	82,972	
	\$ 301,819	

**9. Segment Reporting**

The Company has one operating segment: the acquisition, exploration and development of precious metal projects located in the Congo. Geographic segmentation of capital assets and deferred exploration costs is as follows:

	<b>March 31, 2009</b>	December 31, 2008
Democratic Republic of the Congo – deferred exploration costs	<b>\$ 110,007,788</b>	\$ 105,891,819
Democratic Republic of the Congo – capital assets	<b>656,120</b>	753,453
Canada – capital assets	<b>81,408</b>	74,891
	<b>\$ 110,745,316</b>	\$ 106,720,163

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**Banro Corporation**  
**Notes to Interim Consolidated Financial Statements**  
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**March 31, 2009**

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**10. Significant Non-cash Transactions**

During the period indicated the Company undertook the following significant non-cash transactions:

	<b>Three month period ended March 31, 2009</b>	Three month period ended March 31, 2008
Amortization included in deferred exploration expenditures	<b>\$109,821</b>	\$136,439
Stock option compensation included in deferred exploration expenditures	<b>\$90,590</b>	\$110,238

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**11. Commitments and Guarantees**

RBC Dominion Securities Inc. (the "Lender") has provided BRC a Cdn\$6,000,000 line of credit (the "Facility"). The Facility was first made available to BRC in October 2007 originally in the amount of Cdn\$3,000,000 and subsequently increased to Cdn\$6,000,000 in February 2008. The Company agreed to act as guarantor of the Facility. The said guarantee is secured by way of a pledge of the Company's investments with the Lender. In connection with the guarantee, the Company and BRC entered into an agreement dated as of October 29, 2007 pursuant to which BRC agreed to repay all amounts outstanding under the Facility and to terminate the Facility by July 28, 2008. BRC has not repaid all amounts outstanding under the Facility. There is currently outstanding under the Facility principal in the amount of Cdn\$5,850,000 (US\$4,637,880) and accrued interest in the amount of Cdn\$392,867 (US\$311,465). BRC is responsible for making interest payments under the Facility. The Company has not assumed these obligations. Although BRC has advised the board of directors of the Company that BRC continues to actively seek to raise the capital and fully expects to repay the Facility, there can be no assurance that BRC will be able to repay the Facility. Until such time as BRC repays the Facility in full and the Facility is terminated, the Company will not be able to use the portion of the investments pledged to the Lender required to fully secure the Facility to fund the Company's operations. An amount of \$4,949,345 (2008 - \$5,074,414) with respect to this guarantee has been classified as restricted cash in the balance sheet. In addition, if BRC is unable to repay the Facility when requested by the Lender and the Company's guarantee is called, the Company will be obligated to pay the amount outstanding under the Facility, which will adversely affect the Company's liquidity and capital resources.

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**12. Financial Instruments and Risk Management**

Fair Value of Financial Instruments

The balance sheet carrying amounts for cash, accounts receivable, short-term investments, restricted cash and accounts payable approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

**Banro Corporation**  
**Notes to Interim Consolidated Financial Statements**  
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**March 31, 2009**

**12. Financial Instruments and Risk Management (continued)**

Foreign Exchange Risk

Foreign exchange risk is the risk that a variation in exchange rates between the United States dollar and Canadian dollar or other foreign currencies will affect the Company's operations and financial results. A portion of the Company's transactions is denominated in Canadian dollars and in Congolese francs. The Company is also exposed to the impact of currency fluctuations on its monetary assets and liabilities. Significant foreign exchange gains or losses are reflected as a separate component of the consolidated statement of operations and other comprehensive income (loss). The Company does not use derivatives instruments to reduce its exposure to foreign currency risk.

The following table indicates the impact of foreign currency exchange risk on net working capital as at March 31, 2009. The table below also provides a sensitivity analysis of a 10 percent strengthening of the US dollar against foreign currencies as identified which would have increased (decreased) the Company's net loss by the amounts shown in the table below. A 10 percent weakening of the US dollar against the same foreign currencies would have had the equal but opposite effect as at March 31, 2009.

	Canadian dollars	Congolese francs	South African rand	British pounds
Cash	21,133	336,719	725,247	-
Accounts receivable and prepaid expenses	74,221	-	70,391	-
Accounts payable	(594,045)	-	(15,652)	(35,251)
Total foreign currency net working capital	(498,691)	336,719	779,986	(35,251)
US\$ exchange rate	0.7928	0.00127	0.1056	1.4347
Total foreign currency net working capital in US\$	<b>\$ (395,362)</b>	<b>\$ 428</b>	<b>\$ 82,367</b>	<b>\$ (50,575)</b>
Impact of a 10% strengthening of the US\$ on net loss	<b>\$ (39,536)</b>	<b>\$ 43</b>	<b>\$ 8,237</b>	<b>\$ (5,057)</b>
Impact of a 10% strengthening of the US\$ on other comprehensive income	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Credit Risk

Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and short-term investments. Cash as well as short-term investments are maintained with several financial institutions of reputable credit and may be redeemed upon demand. It is therefore the Company's opinion that such credit risk is subject to normal industry risks and is considered minimal.

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**Banro Corporation**  
**Notes to Interim Consolidated Financial Statements**  
**(Expressed in U.S. dollars)**  
(unaudited)

**March 31, 2009**

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**12. Financial Instruments and Risk Management (continued)**

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient cash to meet its liabilities when they are due. Temporary surplus funds of the Company are invested in short term investments. The Company arranges the portfolio so that securities mature approximately when funds are needed. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

As discussed in note 11, the guarantee provided for BRC will have an impact on the Company's liquidity risk if BRC is unable to meet its obligations with the Lender.

The current global economic conditions have resulted in significant volatility in commodity prices as well as impacting the ability of companies to access the debt and equity markets. There can be no assurance that future financings will become available to the Company.

Mineral Property Risks

The Company's operations in the Congo are exposed to various levels of political risk and uncertainties, including political and economic instability, government regulations relating to exploration and mining, military repression and civil disorder, all or any of which may have a material adverse impact on the Company's activities or may result in impairment or loss of part or all of the Company's assets.

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**13. Capital Management**

The Company manages its cash, common shares, warrants and stock options as capital. The Company's policy is to maintain sufficient capital base in order to meet its short term obligations and at the same time preserve investors' confidence required to sustain future development of the business. The Company has deliberately minimized the dilution of shareholder value to date by carefully controlling the issuance of shares and by attracting shareholders who understand the long term value of the business being developed. The Company intends to maintain this approach through the development stage of the Company.

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**14. Comparative Figures**

The prior period figures have been reclassified to conform to the current presentation.

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**Banro Corporation**  
**Notes to Interim Consolidated Financial Statements**  
**(Expressed in U.S. dollars)**  
(unaudited)

**March 31, 2009**

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**15. Generally Accepted Accounting Principles in Canada and the United States**

The Company's accounting policies do not differ materially from accounting principles generally accepted in the United States ("U.S. GAAP") except for the following:

(a) Deferred Exploration Expenditures

U.S. GAAP requires that deferred exploration expenditures pertaining to mineral properties with no proven reserves be reflected as an expense in the period incurred.

(b) Investment in BRC

Prior to February 11, 2008, the investment in BRC is classified as an equity investment. For U.S. GAAP purposes the equity loss from the investee must be increased by the costs pertaining to mineral properties with no proven reserves. In addition, as the investee is a self sustaining operation, account needs to be made of the cumulative translation adjustment relating to the conversion of the assets and liabilities of the investee into US dollars.

Under Canadian GAAP, the dilution gains are recorded in income. Under U.S. GAAP, per SAB Topic 5-H because the investee is in the exploration stage, the dilution gains must be included in capital.

(c) Recently issued United States Accounting Standards

On April 9, 2009, the FASB issued FASB Staff Position FAS 107-1, Interim Disclosures about Fair Value of Financial Instruments ("FSP 107-1"). FSP 107-1 amends FASB Statement No. 107, Disclosures about Fair Value of Financial Instruments, to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. FSP 107-1 also amends Accounting Principles Board Opinion No. 28, Interim Financial Reporting, to require those disclosures summarized financial information at interim reporting periods. FSP 107-1 shall be effective for interim reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. An entity may have to early adopt this FSP if certain requirements are met. This FSP does not require disclosures for earlier periods presented for comparative purposes at initial adoption. In periods after initial adoption, this FSP requires comparative disclosures only for periods ending after initial adoption. The Company expects to adopt this FSP for the quarter ending June 30, 2009 and does not expect the adoption of this FSP to have a material impact on its consolidated financial statements.

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**Banro Corporation**  
**Notes to Interim Consolidated Financial Statements**  
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(unaudited)

**March 31, 2009**

**15 .Generally Accepted Accounting Principles in Canada and the United States (continued)**

The impact of the foregoing on the financial statements is as follows:

Interim Consolidated Statements of Operations and Other Comprehensive Income (Loss)

	Three months ended March 31,	
	2009	2008
Loss (income) per Canadian GAAP	\$ (1,346,592)	\$ 9,604,766
Deferred exploration expenditures (note 15 (a))	(4,115,969)	(8,104,871)
Investment in BRC (note 15 (b))	-	(14,075,922)
Loss per U.S. GAAP	<u>(5,462,561)</u>	<u>(12,576,027)</u>
Other comprehensive loss – Cumulative translation adjustment	-	(9,916)
Total comprehensive loss	<u>\$ (5,462,561)</u>	<u>\$ (12,566,111)</u>
Loss per share (basic and diluted)	<u>\$ (0.10)</u>	<u>\$ (0.31)</u>

Interim Consolidated Balance Sheets

	March 31, 2009	December 31, 2008
Total assets per Canadian GAAP	\$ 125,082,686	\$ 115,274,121
Deferred exploration expenditures (note 15 (a))	(110,007,788)	(105,891,819)
Total assets per U.S. GAAP	<u>\$ 15,074,898</u>	<u>\$ 9,382,302</u>
Total liabilities per Canadian GAAP	\$ 2,244,375	\$ 4,295,184
Total liabilities per U.S. GAAP	<u>\$ 2,244,375</u>	<u>\$ 4,295,184</u>
Shareholders' equity per Canadian GAAP	\$ 122,838,311	\$ 110,978,937
Deferred exploration expenditures (note 15 (a))	(110,007,788)	(105,891,819)
Total shareholders' equity per U.S. GAAP	<u>\$ 12,830,523</u>	<u>\$ 5,087,118</u>
Total liabilities and shareholders' equity per U.S. GAAP	<u>\$ 15,074,898</u>	<u>\$ 9,382,302</u>

**Banro Corporation**  
**Notes to Interim Consolidated Financial Statements**  
**(Expressed in U.S. dollars)**  
(unaudited)

**March 31, 2009**

**15 .Generally Accepted Accounting Principles in Canada and the United States (continued)**

Interim Consolidated Statements of Cash Flows	Three months ended March 31,	
	2009	2008
Cash flow used in		
<b>Operating activities</b> per Canadian GAAP	<b>\$ (981,705)</b>	\$ (88,375)
Deferred exploration expenditures (note 15 (a))	<b>(5,926,231)</b>	(7,858,194)
<b>Operating activities</b> per U.S. GAAP	<b>(6,907,936)</b>	(7,946,569)
<b>Investing activities</b> per Canadian GAAP	<b>(9,898,658)</b>	1,449,811
Deferred exploration expenditures (note 15 (a))	<b>5,926,231</b>	7,858,194
<b>Investing activities</b> per U.S. GAAP	<b>(3,972,427)</b>	9,308,005
<b>Financing activities</b> per U.S. GAAP	<b>13,402,336</b>	1,244,806
<b>Effect of foreign exchange on cash</b>	<b>(622)</b>	(141,080)
<b>Net increase in cash during the period</b>	<b>2,521,351</b>	2,465,162
<b>Cash</b> , beginning of the period	<b>2,353,600</b>	2,167,013
<b>Cash</b> , end of the period	<b>\$ 4,874,951</b>	\$ 4,632,175

Exploration Stage Company

The Company meets the definition of a development stage enterprise under Statement of Financial Accounting Standards No. 7, Accounting and Reporting by Development Stage Enterprises. As such, the following disclosure of the consolidated summarized statements of loss and deficit and cash flows since inception of the Company are required under U.S. GAAP:

**Consolidated summarized statement of loss and deficit – U.S. GAAP**  
**For the period from inception to March 31, 2009**

Exploration expenses	\$ (135,880,424)
General and administrative expenses	(42,583,909)
Interest income	5,798,122
Other	(3,314,204)
<b>Net loss from inception to March 31, 2009, being the deficit accumulated during the exploration stage</b>	<b>\$ (175,980,415)</b>

**Consolidated summarized statement of cash flows – U.S. GAAP**  
**For the period from inception to March 31, 2009**

Cash flows used in operating activities	\$ (169,433,814)
Cash flows used in investing activities	17,025,611
Cash flows provided by financing activities	150,296,353
Effect of exchange rates on cash	6,986,801
<b>Cumulative increase in cash from inception being Cash, March 31, 2009</b>	<b>\$ 4,874,951</b>



BANRO CORPORATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FIRST QUARTER OF 2009**

## **BANRO CORPORATION**

### **INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS - FIRST QUARTER 2009**

The following management's discussion and analysis ("**MD&A**"), which is dated as of May 13, 2009, provides a review of the activities, results of operations and financial condition of Banro Corporation (the "**Company**") as at and for the three month period ended March 31, 2008, as well as future prospects of the Company. This MD&A should be read in conjunction with the unaudited interim consolidated financial statements of the Company as at and for the three month period ended March 31, 2009, together with the MD&A and audited consolidated financial statements of the Company as at and for the year ended December 31, 2008. As the Company's financial statements are prepared in United States dollars, all dollar amounts in this MD&A are expressed in United States dollars unless otherwise specified. Additional information relating to the Company, including the Company's annual information form, is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on EDGAR at [www.sec.gov](http://www.sec.gov).

#### **Forward-Looking Statements**

The following MD&A contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding estimates and/or assumptions in respect of capital costs, mineral resource and mineral reserve estimates, potential mineralization, exploration results and future plans and objectives of the Company) are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things, uncertainties relating to the availability and costs of financing needed in the future, uncertainty of estimates of capital and operating costs, production estimates and estimated economic return, the possibility that actual circumstances will differ from the estimates and assumptions used in the economic studies of the Company's projects, failure to establish estimated mineral resources or mineral reserves (the Company's mineral resource and mineral reserve figures are estimates and no assurances can be given that the indicated levels of gold will be produced), the possibility that future exploration results will not be consistent with the Company's expectations, changes in world gold markets and equity markets, political developments in the Democratic Republic of the Congo (the "**DRC**"), fluctuations in currency exchange rates, inflation, changes to regulations affecting the Company's activities, the uncertainties involved in interpreting drilling results and other geological data and the other risks involved in the gold exploration and development industry. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

## **General**

The Company is engaged in the acquisition and exploration of gold properties. The Company's main exploration focus is in the South Kivu and Maniema Provinces of the DRC where the Company holds, through four wholly-owned DRC subsidiaries, a 100% interest in four gold projects, Twangiza, Namoya, Lugushwa and Kamituga. As well, the Company's wholly-owned DRC subsidiary, Banro Congo Mining SARL, holds title to 14 exploration permits covering ground located between and contiguous to the Company's Twangiza, Kamituga and Lugushwa projects, covering an area of 2,638 square kilometers.

In January 2009, the Company announced updated independent mineral resource estimates for the Company's Twangiza project. SRK Consulting (UK) Limited prepared these estimates.

Also in January 2009, the Company announced the results of the feasibility study of the Twangiza project. The feasibility study was prepared with input from a number of independent consultants. Full details with respect to the Twangiza feasibility study, as well as additional information with respect to the Twangiza project, are contained in the technical report of SENET dated February 27, 2009 and entitled "Updated Resource Statement & Feasibility Study NI 43-101 Technical Report, Twangiza Gold Project, South Kivu Province, Democratic Republic of Congo". A copy of this report can be obtained from SEDAR at [www.sedar.com](http://www.sedar.com) and EDGAR at [www.sec.gov](http://www.sec.gov).

In March 2009, the Company announced updated independent mineral resource estimates for the Company's Namoya project. SRK Consulting (UK) Limited prepared these estimates.

During the first quarter of 2009 and up to the date of this MD&A, the Company continued its exploration activities at its Twangiza, Namoya and Lugushwa projects. Exploration activities focused on the delineation of several new mineral prospects which have been identified at Twangiza, Lugushwa and Namoya and within its 14 exploration permit areas. This low-cost exploration program consists of gridding, mapping, and soil, stream and rock sampling. No ground exploration was undertaken with respect to the Company's Kamituga project and the 14 exploration permits.

In May 2009, the Company announced results of the first phase of exploration at the newly-discovered Kaziba prospect, located approximately 11 km east of the Twangiza Main and Twangiza North deposits at the Twangiza project. Exploration work at the Kaziba prospect included geological mapping, soil sampling, and rock chip sampling of artisanal workings and outcrops.

Exploration on the Kaziba prospect is continuing by means of western and northern extensions of the geochemical grid, systematic channel sampling of workings and auger drilling of soil anomalies with the objective of sampling the weathered bedrock. The Company plans a diamond drilling program at the Kaziba prospect following completion of this initial exploration work.

### Qualified Person

Daniel K. Bansah, the Company's Vice President, Exploration and a "qualified person" as such term is defined in National Instrument 43-101, has reviewed and approved the technical information in this MD&A.

## Cautionary Note to U.S. Investors

The United States Securities and Exchange Commission (the "**SEC**") permits U.S. mining companies, in their filings with the SEC, to disclose only those mineral deposits that a company can economically and legally extract or produce. Certain terms are used by the Company, such as "measured", "indicated", and "inferred" "resources", that the SEC guidelines strictly prohibit U.S. registered companies from including in their filings with the SEC. U.S. Investors are urged to consider closely the disclosure in the Company's Form 40-F Registration Statement, File No. 001-32399, which may be secured from the Company, or from the SEC's website at <http://www.sec.gov/edgar.shtml>.

## **Results of Operations**

For the three month period ended March 31, 2009, the Company reported a net loss of \$1,346,592, or \$0.02 per share, compared to net income of \$9,604,766, or \$0.24 per share, reported for the three month period ended March 31, 2008. The Company's results for the three month period ended March 31, 2008 were significantly positively impacted by the recognition of a gain on dilution of equity interest in BRC DiamondCore Ltd. ("**BRC**") of \$11,363,090. During the first quarter of 2009, significant changes in operating expenses occurred in the expense categories described below as compared to the first quarter of 2008:

### *Professional fees*

Professional fees, which were mainly legal, audit and accounting fees, increased to \$181,368 during the first quarter of 2009 from \$132,842 for the corresponding period in 2008. Legal fees were incurred in connection with the Company's general corporate activities (including compliance with securities regulatory requirements). The increase in professional fees was mainly related to the Company incurring higher legal fees during the first quarter of 2009 as compared to the first quarter of 2008.

### *Consulting fees*

Consulting fees increased to \$27,352 during the first quarter of 2009 from \$687 recorded during the first quarter of 2008. Consulting fees during the first quarter of 2009 were incurred in connection with the Company's strategic planning and other corporate advice.

### *Office and sundry*

Office and sundry expenses, which decreased by approximately 32% during the first quarter of 2009 compared to the first quarter of 2008, included items such as rent, filing fees, insurance and communication costs. The decrease in office and sundry expenses were mainly the result of cost containment measures adopted by the Company during the first quarter of 2009, specifically with respect to office supplies and expenses, dues and subscriptions and communication expenses.

### *Employee stock-based compensation*

The fair value of employee stock-based compensation recorded during the first quarter of 2009 decreased to \$244,042 from \$360,776 recorded during the corresponding period in 2008. Stock-based compensation expense recorded during the first quarter of 2009 was mainly in relation to stock options granted during 2008 and 2009. Stock-based compensation expense recorded during the first quarter of 2008 was mainly in relation to stock options granted during 2007 and adjusted during the period.

### *Travel*

Travel expenses decreased by 42% from \$215,556 incurred during the first quarter of 2008 to \$124,168 for the same period in 2009 reflecting decreased visits to the Company's projects in the DRC as well as decreased attendance to conferences and other corporate events.

### *Shareholder relations and promotion*

Expenses related to shareholder relations and promotion for the first quarter of 2009 decreased by 53% compared to the corresponding period in 2008 mainly due to fewer promotional and investor relations activities undertaken during 2009 as compared to 2008. In addition, many of the agreements with respect to shareholder relations and promotion in force during 2008 were not renewed during 2009 as a result of cost containment measures by the Company.

### *Foreign exchange loss*

The Company recorded a foreign exchange loss of \$63,280 during the first quarter of 2009, compared to a foreign exchange loss of \$381,115 recorded during the first quarter of 2008, due to fluctuations in the value of the United States dollar relative to the Canadian dollar.

### *Interest income*

The Company's surplus cash is invested in US\$ and Cdn\$ commercial paper and discount notes. During the three month period ended March 31, 2009, these short term investments generated interest revenue of \$5,361 compared to \$254,672 generated during the same period in 2008. The decrease in interest revenue is due in part to lower average yield, as well as to a decreased average balance of short term investments outstanding during the period as a result of redemptions of short term investments to finance the Company's general corporate activities and exploration expenditures during the first quarter of 2009.

### *Exploration expenditures*

During the first quarter of 2009, the Company incurred exploration expenditures of \$4,115,969, capitalized as deferred exploration expenditures in the Company's interim consolidated balance sheet. The allocation of such exploration expenditures by project was as follows:

Twangiza project	\$	2,012,164
Namoya project		1,063,522
Lugushwa project		911,799
Kamituga project		92,455
Banro Congo Mining SARL		36,029
<b>Total</b>	<b>\$</b>	<b>4,115,969</b>

## **Summary of Quarterly Results**

The following table sets out certain unaudited interim consolidated financial information of the Company for each of the last eight quarters, beginning with the first quarter of 2009. This financial information has been prepared in accordance with Canadian generally accepted accounting principles.

	<b>2009</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>
	<b>1<sup>st</sup> Quarter</b>	<b>4<sup>th</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>2<sup>nd</sup> Quarter</b>
Net loss	\$ (1,346,592)	\$ (7,020,263)	\$ (1,499,979)	\$ (9,555,016)
Net loss per share	\$ (0.02)	\$ (0.16)	\$ (0.04)	\$ (0.24)
	<b>2008</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>
	<b>1<sup>st</sup> Quarter</b>	<b>4<sup>th</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>2<sup>nd</sup> Quarter</b>
Net income (loss)	\$ 9,604,766	\$ (2,440,694)	\$ (725,777)	\$ (93,980)
Net income (loss) per share	\$ 0.24	\$ (0.06)	\$ (0.02)	\$ (0.00)

The Company recorded a net loss of \$1,346,592 during the first quarter of 2009 compared to net loss of \$7,020,263 recorded during the fourth quarter of 2008. The results in the fourth quarter were significantly impacted by a \$5,106,373 write down of the Company's equity investment in BRC. During the third quarter of 2008, the Company recorded a net loss of \$1,499,979 compared to a net loss of \$9,555,016 reported in the second quarter of 2008. During the second quarter of 2008, the Company recorded a net loss of \$9,555,016 compared to net income of \$9,604,766 reported for the first quarter of 2008. The Company's results in the second quarter of 2008 were significantly impacted by the write down of its investment in BRC by \$8,141,380 due to a decline in value which was considered to be other than temporary. In addition, during the second quarter of 2008, the Company recorded foreign exchange gain of \$121,543 compared to foreign exchange loss of \$381,115 recorded during the first quarter of 2008. The income recorded in the first quarter of 2008 was mainly the result of the recognition by the Company of a gain on dilution of equity interest in BRC of \$11,363,090, as a result of the reduction of the Company's equity interest in BRC from 27.43% to 14.55%. In addition, the Company's first quarter of 2008 results were also impacted by a significant decrease in salary and stock-based compensation expenses compared to the fourth quarter of 2007. The increase in the net loss recorded in the fourth quarter of 2007 as compared to the third quarter of 2007 was most significantly impacted by the recording during the fourth quarter of 2007 of stock-based compensation expense of \$1,585,328. In addition, the Company recorded during the fourth quarter of 2007 a significant increase in salary expense due to the year-end bonuses paid to employees. During the third quarter of 2007, the net loss increased to \$725,777 compared to a net loss of \$93,980 incurred in the second quarter of 2007, mostly due to employee stock option compensation of \$1,230,127. The net loss during the third quarter of 2007 was also significantly impacted by foreign exchange gain of \$1,245,021 as well as by the Company's share of equity loss (\$307,087) of BRC.

### **Liquidity and Capital Resources**

As at March 31, 2009, the Company had cash and short term investments of \$8,877,858 compared to cash and short term investments of \$2,353,600 as at December 31, 2008. In February 2009, the Company announced that it had closed the issuance and sale of 10,000,000 common shares of the Company at a price of \$1.40 per share for gross proceeds of \$14,000,000.

During the first quarter of 2009, the Company paid \$5,926,231 in exploration expenditures, which included payments for accounts payable from fiscal 2008 (\$2,010,673), and \$26,371 on capital assets to carry on its DRC projects (compared to \$7,858,194 in exploration expenditures

and \$288,330 on capital assets spent during the first quarter of 2008). During the first quarter of 2009, the Company's exploration activities at Twangiza, Lugushwa and Namoya consisted of ridding, mapping, and soil, stream and rock sampling.

The Company's estimated capital costs for the Twangiza project, as outlined in the Twangiza feasibility study, are summarized as follows:

<b>Capex Summary</b>	<b>(\$ million)</b>
Mining	\$ 76
Process Plant	175
Infrastructure	54
Management Costs	65
	<b>\$ 370</b>
Contingency	39
<b>Total Capital Costs</b>	<b>\$ 409</b>
Hydro Power Costs	67
	<b>\$ 476</b>

The Company will need to raise additional funds to complete the exploration programs proposed for 2009. The Company will also require significant financing in order to carry out plans to develop its projects. The Company has no revenues and is wholly reliant upon external financing to fund such plans. There is no assurance that such financing will be available on acceptable terms, if at all.

#### Contractual Obligations

Currently, the Company has no significant long term contractual obligations and no long term debt, other than as described in the following table:

<b>Contractual Obligations</b>	<b>Payments due by period</b>				
	<b>Total</b>	<b>Less than one year</b>	<b>One to three years</b>	<b>Four to five years</b>	<b>After five years</b>
Operating leases	\$ 301,819	\$ 218,847	\$ 82,972	\$ -	\$ -

#### **Critical Accounting Estimates**

Critical accounting estimates used in the preparation of the Company's consolidated interim financial statements include estimates used in the calculation of the fair value of stock-based compensation recoverability of deferred exploration expenditures and assessment of other than temporary declines in investments. The Company used the Black-Scholes option pricing model to determine the fair value of stock options granted. This model requires the Company to make reasonable assumptions in order to derive parameters such as expected volatility of the Company's shares, the expected life of the option and interest rates, all of which are based on historical information. Future behaviors of these parameters are beyond the Company's control, and thus, may be significantly different from the Company's estimates. The Company's mineral resources and mineral reserves are estimates and no assurances can be given that the indicated levels of gold will be produced. Such estimates are expressions of judgment based on

knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that the resource and reserve estimates for its properties are well established, by their nature resource and reserve estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such estimates are inaccurate or are reduced in the future, this could have a material adverse impact on the Company. In addition, there can be no assurance that gold recoveries or other metal recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

The values of all stock options granted were estimated, using the Black-Scholes option-pricing model, based on the following factors:

- risk-free interest rate: 1.35% to 1.39% (2008 – 2.02% to 2.83%);
- expected volatility: 92.51% to 95.30% (2008 – 72.22% to 79.84%);
- expected life: 3 years (2008 – 3 years); and
- expected dividends: \$Nil (2007 - \$Nil).

## **Recent Accounting Pronouncements**

### *International Financial Reporting Standards*

In February 2008, the Accounting Standards Board (“**AcSB**”) of the Canadian Institute of Chartered Accountants (“**CICA**”) confirmed that Canadian Generally Accepted Accounting Principles (“**Canadian GAAP**”) for publicly accountable enterprises will be converged with International Financial Reporting Standards (“**IFRS**”) effective in the calendar year 2011. The conversion to IFRS will be required, for the Company, for interim and annual financial statements beginning on January 1, 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement and disclosures. In the period leading up to the conversion, the AcSB will continue to issue accounting standards that are converged with IFRS such as IAS 2 “Inventories” and IAS 38 “Intangible Assets”, thus mitigating the impact of adopting IFRS at the mandatory transition date. The Company will monitor changes arising from this convergence and as required by CSA Staff Notice 52-320. Due to the anticipated changes in IFRS prior to transition, it is currently not possible to fully determine the impact on the Company’s interim consolidated results.

### *Business Combinations*

In January 2009, the CICA issued accounting standard Section 1582, Business Combinations, which is effective for business combinations with an acquisition date after January 1, 2011. The standard requires the additional use of fair value measurements, recognition of additional assets and liabilities and increased disclosure. Additionally, as part of the application of 1582, companies will be required to adopt CICA handbook Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests”. These sections will require that non-controlling interest be presented as part of shareholders’ equity on the balance sheet and the controlling parent will be required to present 100 percent of the subsidiary’s results in the statement of operations and present the allocation between controlling and non-controlling interest. These standards will be effective January 1, 2011, with early adoption permitted.

## **Accounting Changes**

### *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*

In January 2009, the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" which requires the Company to consider its own credit risk as well as the credit risk of its counterparty when determining the fair value of financial assets and liabilities, including derivative instruments. The standard is effective for the first quarter of 2009 and is required to be applied retrospectively without restatement of prior periods. The adoption of this standard did not have an impact on the valuation of the Company's financial assets or liabilities.

### *Mining Exploration Costs*

In March 2009 the CICA issued EIC-174, "Mining Exploration Costs" which provides guidance to mining enterprises related to the measurement of exploration costs and the conditions that a mining enterprise should consider when determining the need to perform an impairment review of such costs. The accounting treatments provided in EIC-174 have been considered in the preparation of these interim consolidated financial statements and did not have any additional impact on the valuation of the Company's exploration assets.

### *Goodwill and Intangible Assets*

In February 2008, the CICA issued accounting standard Section 3064, Goodwill and intangible assets, replacing Section 3062 Goodwill and intangible assets and Section 3450, Research and development costs. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Section 3064 will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. The Company adopted this standard commencing in the 2009 fiscal year. The adoption did not have a significant impact in the Company's interim consolidated financial statements.

## **Financial Instruments**

### Fair value of financial instruments

The balance sheet carrying amounts for cash, short term investments, accounts receivable and prepaid expenses, restricted cash and accounts payable approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

### Foreign exchange risk

Foreign exchange risk is the risk that a variation in exchange rates between the United States dollar and Canadian dollar or other foreign currencies will affect the Company's operations and financial results. A portion of the Company's transactions is denominated in Canadian dollars and in Congolese francs. Significant foreign exchange gain or losses related to the Company's available-for-sale investments are reflected as a separate component of other comprehensive income (loss). The Company does not use derivatives instruments to reduce its exposure to foreign currency risk. An analysis of the impact of foreign currency risk on the Company's net

working capital as well as a 10% sensitivity analysis are disclosed in note 12 of the Company's interim consolidated financial statements as at March 31, 2009.

#### Credit risk

Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and short term investments. Cash as well as short term investments are maintained with several financial institutions of reputable credit and may be redeemed upon demand. It is therefore the Company's opinion that such credit risk is subject to normal industry risks and is considered minimal.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient cash to meet its liabilities when they are due. Temporary surplus funds of the Company are invested in short term investments. The Company arranges the portfolio so that securities mature approximately when funds are needed. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The guarantee provided for BRC will have an impact on the Company's liquidity risk if BRC is unable to meet its obligations with the Lender (see note 12 of the Company's interim consolidated financial statements as at March 31, 2009).

#### **Outstanding Share Data**

The authorized share capital of the Company consists of an unlimited number of common shares and an unlimited number of preference shares, issuable in series. As at May 13, 2009, the Company had outstanding 62,482,938 common shares, warrants to purchase an aggregate of 6,000,000 common shares and stock options to purchase an aggregate of 6,392,750 common shares.

#### **Related Party Transactions**

Directors fees of \$30,000 (March 31, 2008 - \$22,500) were paid to non-executive directors of the Company. Legal fees of \$230,005 (March 31, 2008 - \$95,821), incurred in connection with general corporate matters (including compliance with securities regulatory requirements) as well as the Company's financings, were paid to a law firm of which one partner is a director of the Company and another partner is an officer of the Company. As at March 31, 2009, \$176,038 (December 31, 2008 - \$87,195) owing to this legal firm was included in accounts payable.

These related party transactions occurred in the normal course of operations and were measured at the exchange value.

As at March 31, 2009, an amount of \$1,171 was payable to BRC with respect to the Company's share of common expenses in the DRC. In addition, RBC Dominion Securities Inc. (the "**Lender**") has provided BRC a Cdn\$6,000,000 line of credit (the "**Facility**"). The Facility was first made available to BRC in October 2007 originally in the amount of Cdn\$3,000,000 and subsequently increased to Cdn\$6,000,000 in February 2008. Having regard to the Company's investment in BRC, the Company agreed to act as guarantor of the Facility. The said guarantee is secured by way of a pledge of the Company's investments with the Lender. In connection with

the guarantee, the Company and BRC entered into an agreement dated as of October 29, 2007 pursuant to which BRC agreed to repay all amounts outstanding under the Facility and to terminate the Facility by July 28, 2008. As at the date of this MD&A, BRC has not repaid all amounts outstanding under the Facility. There is currently outstanding under the Facility principal in the amount of Cdn\$5,850,000 and accrued interest in the amount of Cdn\$392,865. BRC is not in default under the Facility. BRC is responsible for making interest payments under the Facility. The Company has not assumed these obligations. Although BRC has advised the board of directors of the Company that BRC continues to actively seek to raise the capital and fully expects to repay the Facility, there can be no assurance that BRC will be able to repay the Facility. Until such time as BRC repays the Facility in full and the Facility is terminated, the Company will not be able to use the portion of the investments pledged to the Lender required to fully secure the Facility to fund the Company's operations. In addition, if BRC is unable to repay the Facility when requested by the Lender and the Company's guarantee is called, the Company will be obligated to pay the amount outstanding under the Facility, which will adversely affect the Company's liquidity and capital resources.

### **Risks and Uncertainties**

The Company is subject to a number of risks and uncertainties that could significantly impact its operations and future prospects. The following discussion pertains to certain principal risks and uncertainties but is not, by its nature, all inclusive.

The Company's operations in the DRC are exposed to various levels of political risk and uncertainties, including political and economic instability, government regulations relating to exploration and mining, military repression and civil disorder, all or any of which may have a material adverse impact on the Company's activities or may result in impairment or loss of part or all of the Company's assets. In recent years, the DRC has experienced two wars and significant political unrest. Operating in the DRC may make it more difficult for the Company to obtain any required financing because of the perceived investment risk.

The only sources of future funds for further exploration programs, or if such exploration programs are successful, for the development of economic ore bodies and the placing of them into commercial production, which are presently available to the Company are the sale of equity capital, or the offering by the Company of an interest in its properties to be earned by another party carrying out further exploration or development. There is no assurance that such sources of financing will be available on acceptable terms, if at all. In the event that commercial quantities of gold are found on the Company's properties, the Company does not have the financial resources at this time to bring a mine into production.

All of the Company's properties are in the exploration stage only. The Company currently operates at a loss and does not generate any revenue from operations. The exploration and development of mineral deposits involve significant financial risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. Major expenditures may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the Company's exploration programs will result in a profitable commercial mining operation.

The Company's exploration and, if such exploration is successful, development of its properties is subject to all of the hazards and risks normally incident to gold exploration and development, any of

which could result in damage to life or property, environmental damage and possible legal liability for any or all damage.

The price of gold has fluctuated widely. The future direction of the price of gold will depend on numerous factors beyond the Company's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of gold, and therefore on the economic viability of the Company's properties, cannot accurately be predicted. As the Company is only at the exploration stage, it is not yet possible for the Company to adopt specific strategies for controlling the impact of fluctuations in the price of gold.

The Company uses the United States dollar as its functional currency. Fluctuations in the value of the United States dollar relative to the Canadian dollar could have a material impact on the Company's consolidated financial statements by creating gains or losses. During the first quarters of 2009 and 2008, the Company recorded a foreign exchange loss of \$63,280 and a foreign exchange loss of \$381,115, respectively, due to the variation in the value of the United States dollar relative to the Canadian dollar. No currency hedge policies are in place or are presently contemplated.

Reference is made to the Company's annual financial information form dated March 30, 2009 for additional risk factor disclosure (a copy of such document can be obtained from SEDAR at [www.sedar.com](http://www.sedar.com) and from EDGAR at [www.sec.gov](http://www.sec.gov)).