This is a preliminary prospectus relating to these securities, a copy of which has been filed with the Ontario Securities Commission, but which has not yet become final for the purpose of a distribution to the public. Information contained herein is subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time a receipt is obtained from the Ontario Securities Commission for the final prospectus.

Preliminary Prospectus dated September 28, 1999

This prospectus constitutes a public offering of these securities only in jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

Initial Public Offering •, 1999

BRC DEVELOPMENT CORPORATION

(a mineral exploration company)

OFFERING

$750,000
3,000,000 Common Shares
Subscription Price: $0.25 per Share

750,000 Common Shares to be issued upon the exercise of 750,000 Special Warrants

Up to 4,861,000 Common Shares to be dividended in kind by Banro Resource Corporation to its shareholders

This prospectus qualifies for distribution to the public 3,000,000 common shares (the "**Offered Shares**") of BRC Development Corporation (the "**Corporation**") at a price of $0.25 per Offered Share (the "**Public Offering**"). The Offered Shares are being offered by Standard Securities Capital Corporation (the "**Agent**") as agent on a "best efforts" basis. Interest earned on Subscribers' subscription funds will accrue to the account of the Corporation. See "Plan of Distribution".

(in Canadian dollars)	**Price To Public**	**Agent's Commission[(1)]**	**Net Proceeds To Corporation[(2)]**
Per Offered Share	$0.25	$0.025	$0.225
Total	$750,000	$75,000	$675,000

Notes:
(1) The Corporation will pay the Agent a commission equal to 10% of the sale price of the Offered Shares sold under the Public Offering, or $75,000 in the aggregate if all of the Offered Shares are sold.
(2) Before deducting expenses of the Public Offering estimated at $100,000, which will be paid for from the proceeds raised by the Public Offering.

This prospectus also qualifies for distribution:

(a) 750,000 common shares of the Corporation issuable upon the exercise of 750,000 special warrants of the Corporation (the "**Special Warrants**") previously issued at a price of $0.20 per Special Warrant. Each Special Warrant entitles the holder to receive, at no additional cost, one common share of the Corporation (a "**Warrant Share**"). The Special Warrants are exercisable at any time on or before 4:30 p.m. (Toronto time) on the date (the "**Expiry Time**") which is the earlier of (i) the fifth business day after the date on which a receipt for this prospectus has been issued by the Ontario Securities Commission, and (ii) June 9, 2000. Any Special Warrants not exercised prior to the Expiry Time shall be deemed to have been exercised immediately prior to the Expiry Time without any further action on the part of the holder. Gross proceeds of $150,000 from the issue of the Special Warrants have been paid to the Corporation. See "Private Placement"; and

(b) up to 4,861,000 common shares of the Corporation held by Banro Resource Corporation ("**Banro**") to be distributed to Banro's shareholders as a dividend in kind on the basis of 0.325 common shares of the Corporation (collectively, the "**Dividend Shares**") for each common share of Banro held of record at the close of business on •, 1999, fractional Dividend Shares to be rounded up. See "Dividend in Kind ".

All of the securities offered hereby shall collectively be referred to herein as the "**Securities**" as the context requires. The offering of the Offered Shares, the Warrant Shares and the Dividend Shares shall collectively be referred to herein as the "**Offering**".

THE OFFERING PRICE OF THE OFFERED SHARES WAS ESTABLISHED BY THE DIRECTORS OF THE CORPORATION BASED SOLELY ON THEIR ASSESSMENT OF THE LIKELY RECEPTION OF THE FINANCIAL MARKET TO AN OFFERING OF SUCH SHARES.

THE SECURITIES ARE HIGHLY SPECULATIVE. THE CORPORATION DOES NOT HAVE A TRACK RECORD. THERE IS NO TRADING MARKET FOR THE SECURITIES AND NONE IS EXPECTED TO DEVELOP AS A CONSEQUENCE OF THIS OFFERING. ACCORDINGLY, IT MAY NOT BE POSSIBLE TO RESELL THE SECURITIES . THE PROPERTY OF THE CORPORATION IS WITHOUT A KNOWN BODY OF COMMERCIAL ORE AND THE PROPOSED PROGRAM IS AN EXPLORATORY SEARCH FOR ORE. INVESTORS IN THE SECURITIES SHOULD BE PREPARED TO ACCEPT THE RISKS INHERENT IN THE NATURAL RESOURCE EXPLORATION BUSINESS AND TO RISK LOSING ALL OR PART OF THEIR INVESTMENT OR TO FACE THE POSSIBILITY OF NO RETURN THEREON. SEE "RISK FACTORS".

After giving effect to the issuance of all of the Offered Shares and the exercise of the Special Warrants, the offering price of $0.25 per Offered Share (i) exceeds the pro forma net tangible book value per common share of the Corporation ("**Common Share**") as at June 30, 1999 by $0.17 or 68%, and (ii) exceeds the pro forma net tangible book value per Common Share as at June 30, 1999 together with the market value per Common Share of the Corporation's investments as at August 31, 1999 by $0.04 or 16%. See "Dilution".

The Public Offering will be made on a "best efforts" basis through Standard Securities Capital Corporation (the "**Agent**") as agent for a period of not more than ninety (90) days following the date on which the final receipt is issued for this prospectus by the Ontario Securities Commission. All subscriptions for Offered Shares must be made through the Agent, who will deposit same accompanied by payment of $0.25 for each Offered Share with • (the "**Deposit Agent**") for acceptance by the Corporation or return to the subscribers. All subscription proceeds will be held by the Deposit Agent until payments for the entire Public Offering are received. Unless payments for the entire Public Offering are so deposited within the said 90 day period, all payments will be returned forthwith without interest or deduction therefrom. See "Plan of Distribution".

The purpose of the Public Offering is to provide the Corporation with funds to carry out exploration work on the property of the Corporation and to secure funds for working capital. See "Use of Proceeds" and "Property of the Corporation".

The Offering is subject to approval of all legal matters on behalf of the Corporation, by Macleod Dixon, Toronto, Ontario and on behalf of the Agent, by Irwin Singer, Toronto, Ontario.

AGENT:

Standard Securities Capital Corporation
24 Hazelton Avenue
Toronto, Ontario M5R 2E2
(416) 515-0505

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CURRENCY

In this prospectus, unless otherwise specified, all dollar amounts are expressed in Canadian dollars.

SUMMARY

The following summary is qualified in its entirety by reference to, and must be read in conjunction with, the more detailed information appearing elsewhere in this prospectus. Capitalized terms appearing herein and not otherwise defined have the respective meanings ascribed thereto elsewhere in this prospectus.

The Corporation

The Corporation was incorporated as a private company under the laws of the Province of Ontario by articles of incorporation effective on August 7, 1990. By articles of amendment effective on September 27, 1999, the "private company restrictions" were deleted from the Corporation's articles. The Corporation's head office is located at 181 University Avenue, Suite 2110, Toronto, Ontario, M5H 3M7. The business of the Corporation is the acquisition and exploration of mineral properties. The Corporation holds eleven mining claims located in Fenton Township, south of Kapuskasing in Northern Ontario (see "Property of the Corporation").

Offering

(1) 3,000,000 common shares of the Corporation ("**Offered Shares**") are being offered to the public at a price of $0.25 per Offered Share (the "**Public Offering**"). Interest earned on Subscribers' subscription funds will accrue to the account of the Corporation. The Public Offering will be made on a best efforts basis through the Agent for a period of not more than ninety (90) days following the Final Receipt Date. All subscription proceeds will be held by the Deposit Agent until payments for the entire Public Offering are received. Unless payments for the entire Public Offering are so deposited within the said 90 day period, all payments will be returned forthwith without interest or deduction therefrom. The Agent shall act, or ensure that another dealer is acting, as a market maker on the Canadian Dealing Network system for a period of at least 18 months from the Final Receipt Date. See "Plan of Distribution".

(2) 750,000 common shares of the Corporation issuable upon the exercise of 750,000 previously issued Special Warrants. See "Private Placement".

(3) Up to 4,861,000 common shares of the Corporation held by Banro Resource Corporation ("**Banro**") to be distributed to Banro's shareholders as a dividend in kind on the basis of 0.325 common shares of the Corporation for each common share of Banro held of record at the close of business of •, 1999, fractional shares to be rounded up. See "Dividend in Kind".

Use of Proceeds

The net proceeds of the Public Offering (assuming all of the Offered Shares are sold), after deducting the Agent's commission of $75,000 and the expenses of the Offering estimated at $100,000, will be expended as follows:

Carrying out the work program recommended in the Tagliamonte Report	$481,000
Administrative expenses and working capital for the next year	$94,000
Total	**$575,000**

Risk Factors

The Securities are highly speculative. The Corporation does not have a track record and there is little probability of short term profit. Investors in the Securities should be prepared to accept the risks inherent in the natural resource exploration business and to risk losing all or part of their investment or to face the possibility of no return thereon. There is no trading market for the Securities and none is expected to develop as a consequence of this Offering. Accordingly, it may not be possible to resell the Securities. The offering price of the Offered Shares was established by the directors of the Corporation based solely on their assessment of the likely reception of the financial market to an offering of such shares.

The BRC Property is without a known body of commercial ore and the proposed program is an exploratory search for ore. The only source of funds presently available to the Corporation is through the sale of equity capital.

Further exploration programs on the BRC Property are dependent on obtaining favourable results from the preceding work. If the Corporation does not continue to obtain favourable results from its exploration programs it may abandon the BRC Property and acquire and develop other properties.

As the officers and directors of the Corporation are involved with other mineral exploration companies (see “Directors and Officers”), there may be potential conflicts of interest and they will only expend a limited amount of their time managing the affairs of the Corporation.

Environmental regulation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing.

See “Risk Factors”.

Dilution

After giving effect to the issuance of all of the Offered Shares and the exercise of the Special Warrants, the offering price of $0.25 per Offered Share (i) exceeds the pro forma net tangible book value per common share of the Corporation (“**Common Share**”) as at June 30, 1999 by $0.17 or 68%, and (ii) exceeds the pro forma net tangible book value per Common Share as at June 30, 1999 together with the market value per Common Share of the Corporation’s investments as at August 31, 1999 by $0.04 or 16%. See “Dilution”.

BRC DEVELOPMENT CORPORATION

THE CORPORATION

BRC Development Corporation (the "**Corporation**") was incorporated as a private company under the laws of the Province of Ontario by articles of incorporation effective on August 7, 1990. By articles of amendment effective on September 27, 1999, the "private company restrictions" were deleted from the Corporation's articles.

PRINCIPAL OFFICE

The Corporation's registered and principal office is located at 181 University Avenue, Suite 2110, Toronto, Ontario, M5H 3M7.

BUSINESS OF THE CORPORATION

Prior to 1999 the Corporation was inactive. In 1999 the Corporation commenced its present business, which is the acquisition and exploration of mineral properties.

PROPERTY OF THE CORPORATION

The Corporation's exploration property described below is without a known body of commercial ore and the proposed program described below is an exploratory search for ore (see "Risk Factors").

Acquisition of Property and Title

Pursuant to an agreement (the "**Purchase Agreement**") dated effective as of June 5, 1999 between the Corporation and Cable Copper Mines Limited (the "**Vendor**"), the Corporation acquired eleven mining claims held by the Vendor located in Fenton Township, south of Kapuskasing in Northern Ontario (the said claims shall collectively be referred to herein as the "**BRC Property**"). The Corporation acquired the BCR Property for $15,000. The Vendor retains a 2% royalty on any diamonds and a 2% net smelter returns royalty on any ore derived from the BRC Property.

The table below sets out certain information concerning the eleven claims comprising the BRC Property including the last date for the filing of the minimum exploration expenditure ($68,000) required to maintain the claims and the claim group for an additional year beyond the year 2000 anniversary date.

CLAIM NUMBER	UNITS	RECORDING DATE	EXPLORATION EXPENDITURE DUE
P 1222593	10	21 April 1998	21 April 2000 ($4,000.00)
P 1230813	16	27 February 1998	27 February 2000 ($6,400.00)
P 1230814	16	27 February 1998	27 February 2000 ($6,400.00)
P 1230815	16	27 February 1998	27 February 2000 ($6,400.00)
P 1230816	16	27 February 1998	27 February 2000 ($6,400.000)

CLAIM NUMBER	UNITS	RECORDING DATE	EXPLORATION EXPENDITURE DUE
P 1230818	16	27 February 1998	27 February 2000 ($6,400.00)
P 1230819	16	27 February 1998	27 February 2000 ($6,400.00)
P 1230820	16	27 February 1998	27 February 2000 ($6,400.00)
P 1230821	16	27 February 1998	27 February 2000 ($6,400.00)
P 1230828	16	20 March 1998	20 March 2000 ($6,400.00)
P 1230829	16	20 March 1998	20 March 2000 ($6,400.00)

Geologist's Report

Set forth below is management's summary of certain portions of a report (the "**Tagliamonte Report**") dated August 20, 1999 prepared by Frank P. Tagliamonte., P.Eng, in respect of the BRC Property. The full report is available for inspection at the registered office of the Corporation during normal business hours during the course of the Public Offering.

Introduction

A contiguous block of 170 mining claim units are held by the Corporation in Fenton Township approximately 45 kilometers south of Kapuskasing in Northern Ontario (the "**BRC Property**"). The BRC Property is readily accessible over good gravel roads both from Kapuskasing and Moonbeam on Highway # 11.

Past exploration programs within the BRC Property have defined at least four iron formation bands which trend northeasterly through the BRC Property. These bands and some of the adjacent intrusive and metavolcanic metasedimentary units contain sulphide mineralization comprising pyrite, pyrrhotite, and minor chalcopyrite.

Four (4) diamond drill holes are reported to have been previously drilled within the BRC Property. These holes were drilled to test ground magnetic anomalies and Airborne Input EM anomalies. Samples from iron formation yielded up to 22% iron. A surface sample from a quartz vein adjacent to iron formation containing chalcopyrite yielded 0.17 oz gold. The source of the sample was not recorded.

Heavy Mineral Till sampling by the Ontario Geological Survey (OGS) in the area during 1997-98 located 2 sample sites within the southeast portion of the BRC Property which yielded both Kimberlite Indicator Minerals ("**KIMs**") and Metamorphosed Magmatic Sulfide Indicator Minerals ("**MMSIMs**")(1). One sample yielded a G-10 garnet which is a diamond bearing kimberlite indicator. A second sample from the BRC Property yielded the highest count of gahnite grains obtained in the area. Gahnite is a key heavy mineral indicator of base metal mineralization. Both gahnite and chrome diopside are indicator minerals believed to suggest proximity to a mineral source.

A preliminary program of exploration was carried out on a small portion of the BRC Property during June and July 1999. This work comprised line cutting, geophysical surveying and overburden sampling using an excavator.

Several geophysical anomalies and anomalous heavy mineral concentrations in soil samples were obtained.

(1) Registered Trade Mark of Overburden Drilling Management Limited, Nepean, Ontario.

Location & Access

Fenton Township is located approximately 45 km (28 miles) due south of Kapuskasing in Northern Ontario.

The BRC Property is conveniently accessible from either the Swanson Road, which begins at Highway #11 near Val Albert Motors east of Kapuskasing or from the Chain of Lakes Road which connects to Moonbeam on Highway #11. The Swanson Road joins the Chain of Lakes Road 39 km (24 miles) south of Highway #11. The Swanson Road traverses the east boundary area of the BRC Property between kilometer 43 and 48, continuing on into Seaton Township immediately to the south.

Kapuskasing is a modern northern community of about 10,000 people servicing a population dependent primarily on the forestry, mining and railroad industries. It is located approximately 950 km (590 miles) north of Toronto and is serviced by Highway #11, the Canadian Pacific Railway and AIR CREEBEC.

Exploration History

Early exploration in Fenton Township is recorded to have begun shortly after erratic compass deflections were noted during timber cruising operations in the early 1940's.

Prospecting interest in the Saganash Lake area resulted first from the magnetic deflections encountered by timber cruisers working in the district. Later, local prospectors reported having discovered gold in the area.

Prospecting activity that followed indicated that the area contained a series of iron formation horizons containing magnetite with accessory sulphides comprising pyrite, pyrrhotite and occasionally chalcopyrite.

Early exploration focused on the iron potential of the area. This was followed by a search for base metals initiated by airborne Input surveying. At least one 6 channel Input anomaly was drill tested.

Some diamond drill hole intersections within the iron formation yielded up to 22% iron. Iron formation bands range from 1 - 70 feet core length. No base metal values are reported but chalcopyrite has been noted in some diamond drill core and in surface samples.

One grab sample, of many taken during early prospecting programs, is reported to have yielded O.17 oz gold.

Four (4) diamond drill holes are reported to have been drilled in Fenton township and all four are located within the large BRC property package.

Iron formation bands are hosted in a broad northeast oriented package of metavolcanic-metasedimentary rocks adjacent to the Kapuskasing Structural Zone - a deep crustal and regional structural feature that may host kimberlite, one of the source rocks for diamonds.

Ground magnetic surveying indicates that there are at least 4 iron formation bands traversing the BRC property. One is reported to be at least 14,000 feet long.

Recent Exploration (1998-99)

Preliminary exploration programs have been initiated on the BRC Property by Cable Copper Mines Limited during 1998 and by the Corporation during June and July 1999.

1998 - Cable Copper Mines Limited

The BRC Property was visited by L.J. Bardswich, P.Eng. between the 3rd and 7th of August 1998 on behalf of Cable Copper Mines Limited. Several areas of the BRC Property were examined and a variety of samples were taken. Results from 6 rock samples submitted for assay follow:

Sample No.	Description	Claim No.	oz Au	ppm Cu	ppm Zn
1001	Mafic,rusty,sulphides, non magnetic	1222593 Beside CSR #5	nil	55	39
1002	“ ” “	”	nil	17	4
1003	“ ” “	”	nil	71	12
2001	Mafic, non magnetic some mica @ center of o/c	1230828 Outcrop 50m x 50m	nil	253	60
2002	“ No mica	“	nil	208	20
2003	More felsic, non magnetic / from overturned tree NE of o/c	“	0.001	129	21

These were random rock type samples obtained from available outcrop. Three samples from claim 1230828 are in the low, geochemically anomalous range for copper.

1999 - BRC Development Corporation

A program of preliminary exploration was initiated during June and July 1999 by the Corporation to investigate a portion of the southeast corner of the property adjacent to sites from which the Ontario Geological Survey had obtained both Kimberlite Indicator Minerals (“**KIMs”**) and Metamorphosed Magmatic Sulphide Indicator Minerals (“**MMSIMs”**). The preliminary objectives of the Corporation's exploration program were to investigate the immediate area where the OGS had obtained KIMs and MMSIMs by grid controlled geophysical surveying and mechanical overburden sampling. The area chosen was ‘up ice’ and immediately north and northwest of the OGS sample sites. The preliminary exploration program included line cutting, magnetic and VLF-EM surveying, backhoe and auger overburden sampling and local backhoe trenching. Overburden samples were processed and analyzed by Overburden Drilling Management Limited, Nepean, Ontario.

Grid Layout

A 40 kilometer grid was laid out at approximately Az 310^0 within portions of claims 1230816 and 1230829 in the southeast sector of the BRC Property. Grid lines were established at 50 meter interval with grid stations at 25 meter intervals. The Swanson Lake road served as a tie line and reference for the grid. The exploration grid lies immediately north and covers the projected ‘up ice’ trajectory from OGS sample sites.

Geophysical Surveys

Magnetometer Survey

A Scintrex MP-3/IGS -2 instrument was used in the field and a GSM 19 Magnetometer was used at the field station from which magnetic data was extracted and plotted. Readings were taken at 12.5 meter intervals along grid lines and measured total field magnetic responses.

Results obtained

Three magnetic configurations stand out on the coloured total field magnetic map as bold, distinctive magnetic anomalies within the grid. As well, a few isolated, small, low relief magnetic low and high closures are located between or adjacent to the otherwise prominent linear magnetic anomalies.

1. The top two third portion of the map sheet portrays three distinct relatively broad bands of northeast trending magnetic closures. They continue off the map sheet and are deduced to be conformable with the local stratigraphy and coincident with known bands of magnetite iron formation.

   A series of dipole features are present within or adjacent to localized portions of all three magnetic anomaly trends. The dipole type of magnetic anomaly is deduced to represent sulphide enrichments containing pyrrhotite in select portions of the magnetite iron formation where the dipole feature is located.

2. A series of both narrow and broad, discontinuous, modestly high magnetic closures trend northeasterly through the mid south portion of the survey area. This magnetic pattern does not precisely conform to that of the magnetic anomalies in the northern part of the map sheet. An atypical iron formation band or an unidentified stratigraphically conformable structure may be indicated. These magnetic anomalies lie along the south central portion of the geophysical grid. They are identified as the IV anomaly structure.

3. A unique series of small, low relief, circular magnetic closures in a 'flag stone' pattern identified as magnetic anomaly V snakes northerly through anomaly IV and on into, and possibly through magnetic anomaly III. This anomaly may represent a dike structure which traverses at least two of the above identified anomalies and may possibly project northerly beyond the survey area. This magnetic feature appears to terminate abruptly immediately below anomaly IV with a subtle 'finger-like' projection sharply west.

   This series of magnetic anomalies suggest that a structural feature with a subtle but distinguishable magnetic signature is present in this area of the grid. The anomalies appear to transect a portion of the local stratigraphy.

4. A scattered number of small, circular low and high magnetic closures outside of the more prominent magnetic anomalies stand out as isolated satellite structures.

<u>VLF EM Survey</u>

The VLF EM survey was contracted to Lashex Ltd. of North Bay. A VLF-EM survey of the grid area was completed using a Scintrex ENVI instrument. Readings were taken at 25 meter intervals along grid lines and measured the response from the Cutler, Maine transmitter. Both in-phase and quadrature measurements were recorded during the survey. All VLF EM data was processed using the Fraser Filter method.

Results Obtained

Fifteen conductor axes were identified and interpreted to occur within the grid. The conductors are identified by letters from 'A' to 'O'. Two relatively distinctive styles of EM conductors are interpreted to occur within the grid. These are as identified.

1. EM conductors 'A', 'C', 'D', 'E', 'F', & 'H' in the north half of the grid are directly associated with northeast trending iron formation bands and are generally conformable with the local stratigraphy.

   A second set of EM conductors, 'B' & 'G' cross cut the local stratigraphy at low angles from about azimuth 260 to 280. This second set of conductors appear to penetrate the stratigraphy hosting the iron formation but do not specifically cross cut it. A set of cross fractures are implied to be reflected by these conductors.

   Conductors within the iron formation stratigraphy and those cross cutting the local stratigraphy are generally linear, measuring up to 600 meters Å in length. The greatest length of conductor appears to favour the cross cutting variety.

   Some of the VLF EM conductors within the iron formation appear to have a subtle association with magnetic dipole anomalies. Areas of sulphide enrichment are a possibility.

2. EM conductors in the southern portion of the grid are relatively short in length (200 meters maximum) and do not appear to be directly associated with known iron formation stratigraphy or with the magnetic anomalies in this portion of the grid. They are labeled from 'I' to 'O'.

   VLF EM conductors :'I', 'J', 'M', 'N', along the southwest portion of the grid, and 'L', 'O' further to the northeast are short comparatively weak conductors. Conductors 'J', 'M', 'N' and 'O' are coincident with Fraser Filter anomalies. Anomaly 'J' is adjacent to a weak magnetic closure.

All of the VLF EM conductors, except for those in the southeast segment of the grid, produce prominent Fraser Filter closures. These conductors are relatively weak in expression and may be surficial in origin.

Overburden Sampling

A backhoe supported program of overburden sampling was initiated to investigate a projected 'up ice' sector of the BRC property north and northwest from where Ontario Geological Survey ("OGS") sampling under the direction of Dr. T. F. Morris obtained Kimberlite Indicator Minerals as well as Metamorphosed Magmatic Sulphide Indicator Minerals.

Actual counts obtained by the OGS at these sites are shown below:

KIMs	#541Gf	•	2 G-10 Cr-pyrope garnet 10 Cr-diopside
	#707 MA	•	22 Chromite
MMSIMs	#541Gf	•	101 Gahnite 42 Chrome diopside 29 chalcopyrite 29 red rutiles 6 ruby corundum
	#507MA	•	44 Chrome diopside 18 chalcopyrite 3 Gahnite

A total of 50 samples each weighing approximately 20 kg were collected. Forty six (46) in backhoe excavations (#4 to #49); three (3) with power auger (#1 to #3) and one (1) by hand digging (#25). The type of sample material collected during the backhoe excavation program, at some sample sites, was restricted by terrain condition which included access, support for equipment and depth to bedrock.

The primary sample program objective was to collect a till sample immediately above bedrock (Matheson till). Where this was not possible, a next best till sample was taken. Though till samples were collected at each sample site, not all were from the basal till horizon.

The optimum depth of excavation was 5.5 meters which was determined by the capacity of the equipment.

Results Obtained

Samples collected during the sampling program were bagged and placed in pails for transport to Overburden Drilling Management Limited ("ODM") in Nepean, Ontario. Processing procedure involved the separation of heavy minerals greater than SG 3.2 for identification and collection. A scanning electron microscope was used where required to assist in the identification of individual grains.

A lab report prepared by ODM Limited on KIM, MMSIM and gold grain data has been submitted and a copy is included in the appendix.

A total of 13 KIMs were identified out of a total of 50 samples taken. Three purple pyrope garnets were included in the 13 KIMs.

An examination of pebble size clasts greater than 2.0 mm shows that in excess of 70% were of volcanic and sedimentary origin. This suggests a possible proximal origin for KIMs.

Sample #99-25 was taken to try and duplicate OGS sample 541-Gf-97. The sample yielded 21 low chrome diopside grains and was the only KIM identified in the sample.

It was not possible to locate the precise sample point or the horizon within the glaciofluvial section from which the OGS sample was taken. Anomalous KIM results are nevertheless indicated.

It was not possible to collect a basal till sample at each sample site due to mechanical and physiographic limitations. A till sample was nevertheless collected at each sample site. A total of 23 samples submitted for analysis were of the basal till (Matheson till) variety. These samples together with other varieties of till yielded anomalous amounts of MMSIMs particularly chrome diopside, chalcopyrite and locally gahnite. These results imply that a pervasive distribution of KIMs and MMSIMs occur within the BRC sample area in a variety of overburden material.

Geology

General Geology

The BRC Property is underlain by metavolcanic and metasedimentary rock sequences comprising essentially hornblende schist, quartz hornblende schist, amphibolite, volcanic schist and tuff, quartzite as well as quartzite-mica schist. Bands of iron formation are contained within the schists, tuff and quartzite portions of the volcano-sedimentary group. These Archean rock assemblages are collectively referred to as the Casselman Greenstone Belt. They lie within the Superior Province sector of the Canadian Shield.

The Casselman volcano sedimentary package is flanked in the immediate area by biotite granite and granitic complexes and intruded in the south by a granodiorite and metagabbro/amphibolite.

A series of variable width iron formation bands contained within the metavolcanic and metasedimentary group traverse the entire BRC Property in a northeast direction.

The area includes 5 bedrock domains which are:

1) A metasedimentary suite consisting of wacke, arkose, argillite, slate, marble, chert, iron formation and a minor component of volcanic rocks.

2) A gneissic tonalite suite consisting of tonalite to granodiorite with minor supacrustal inclusions.

3) A granodiorite to granitic suite consisting of massive to foliated granodiorite to granite.

4) The Casselman greenstone belt consisting of mafic to intermediate metavolcanic rocks.

5) A migmatized suite consisting of supracrustal, metavolcanic and minor sedimentary rock and mafic and granitic gneisses.

A regional structural feature popularly identified as the Kapuskasing Gravity High, currently called the Kapuskasing Structural Zone (KSZ), overprints the local area and is prominently shown to traverses the area immediately east of Fenton township in a general northeast-southwest orientation. This feature extends from eastern lake Superior to James Bay. It is evident on airborne magnetic maps and is reflected in the drainage orientations of some of the major rivers in the area such as the Kapuskasing and Groundhog rivers. This feature may also influence the northeast orientation of the Saganash Lake/Casselman greenstone belt which hosts the BRC Property.

The KSZ is reported to be a structural feature containing deep crustal material which may host kimberlite and other diatreme associated mineralization.

Interpreted airborne magnetic data suggest that faulting normal to the KSZ is evident in the area. One such feature appears to occur within the east half of the BRC Property. A subtle displacement of the pronounced magnetic closure within the property is shown here.

Local Geology

Geological map data suggests that the property lies entirely within a metavolcanic- metasedimentary assemblage which is locally schistose and with metamorphic grades in the amphibolite range. The package includes some interfoliated tuff horizons as well as diorite sills or dikes. Some mafic rocks are also part of the package.

Alteration and accessory minerals include chlorite, biotite, carbonate, garnet and graphite. Garnet seems to pervade most rock types. Chert is reported in one drill hole. Silicification is noted in some mineralized zones.

Iron formation bands comprise massive magnetite with variable amounts of sulphides mainly pyrite, pyrrhotite and occasionally chalcopyrite. Quartz veining is common.

Some disseminated sulphide mineralization occurs in the diorite.

Mineralized intersections in the few diamond drill holes completed (4 documented in OGS assessment files) range from 1 foot up to 70 feet. The only core assays reported are for iron which ranges from 20 - 22 % iron.

One grab sample from a rusty 18" quartz vein adjacent to iron formation containing chalcopyrite is reported to have yielded 0.17 oz gold.

Quaternary Geology

Three types of till are described to occur in the Saganash Lake Area. All are believed to be related to Wisconsian age glaciation. Flow directions are inferred from striae and drumlinoid features. Three sets of striae are mentioned. The youngest set @ 120^0 is located on outcrop in the west and southwest portions of the area. An older set @ 160-180^0 are located in the northwest and extreme southwest-central part of the area. The third 220^0 set are present in the east and southeast portion of the study area.

The three till types are as briefly described:

1) Till with a pebbly, sandy matrix and thin wavy beds similar to the Matheson Till (basal till).

2) Fine grained deformation till that overlies fine grained glaciolacustrine materials within a lake related to the Cochrane ice advance. South flow postulated.

3) Flow till, 4 to 6 m thick within the till plain covering the central part of the area. This flow till is associated with the last retreat of the ice from the area related to the Cochrane advance.

Sampling operations carried out by the OGS provided information on the distribution of kimberlite indicator minerals, metamorphic magmatic sulphide indicator minerals and gold grains. These minerals were recovered from the samples taken from modern alluvium, glacial till, glaciofluvial and glaciolacustrine material. The object of the program was to stimulate exploration interest in the search for diamonds, base metals and gold in the area.

A total of 201 modern alluvium, 97 till and 15 glaciofluvial and glaciolacustrine samples were collected across the area.

Kimberlite Indicator Minerals

4 ‘G10' Cr-pyrope garnets, which are considered one of the key indicators for diamond-bearing kimberlite, were recovered. Six potential areas and 5 individual sites for kimberlite exploration were identified.

One of the sites occurs on the BRC Property (samples: 507-Ma-97; 541-Gf-97). This site yielded one **G-10 Cr - pyrope garnet**.

Metamorphosed Magmatic Sulfide Indicator Minerals

Seven potential areas and 2 individual sites for potential base metal exploration were identified.

Gahnite (MgO enriched) is commonly associated with base metal deposits and is used as a key indicator for base metal mineralization.

One hundred and seventy five (175) gahnite grains were recovered in the area.

One potential base metal site may occur on the BRC Property. This is indicated from samples: 507-Ma-97 and 541-Gf-97. Sample 541-Gf-97 yielded 102 gahnite grains as well as 22 red rutile grains, 5 ruby corundum grains and 22 chalcopyrite grains.

Gold Grains

Comparatively few gold grains were recovered from the study area. Two areas containing minor, reshaped gold grains may be of modest interest.

One area of peripheral interest (samples 686-MA & 683-TM) is situated along the west shore of Saganash lake immediately west of the BRC Property.

Airborne Geophysics

Ground magnetic surveys carried out in past years on 400 foot interval grid lines on parts of the current BRC Property indicate a series of at least 4 northeast trending magnetic linears with local flextures and negative magnetic closures.

Current Activity in the Area

Portions of Fenton Township and townships to the north and northeast have been staked by exploration companies. Most of the staking occurs as discreet claim blocks suggesting that geophysical and/or geochemical targets are the object of the acquisitions.

The principal companies operating in the area are Falconbridge Limited and Canabrava Diamond Corporation.

Falconbridge is reported to have carried out airborne EM surveying with line cutting and ground follow-up geophysical surveying in progress. Diamond drilling was reported to be planned for the fall of 1998 or winter of 1999. No drilling reported to have been done.

Canabrava are reported to be engaged in programs of extensive soil sampling within their property packages in the area which total approximately 85,000 hectares (210,040 acres).

The Canabrava heavy mineral sampling program began in June 1998 and was designed with a coverage density of 1 sample per square kilometer within the claim blocks, as well as broader spaced reconnaissance coverage over the region. As of September 1998, 450 samples were collected.

Geophysical interpretations of an airborne geophysical data set by Canabrava have been completed by a consultant. Identified targets are being examined in the field.

Canabrava concluded an agreement with Kennecott Copper in 1999 to participate in diamond exploration activities on Canabrava properties in Ontario and in the Kapuskasing area.

Summary and Conclusions

Heavy mineral sampling in the area surrounding the BRC Property by the Ontario Geological Survey during 1997 and 1998 has focused attention on an area in the southeast portion of the BRC Property where both KIMs and MMSIMs have been located. The heavy mineral indicator minerals pin point exploration target sites where a search for diamond and base metal mineralization may be carried out. A proximal source is envisioned which is deduced to possibly occur on the BRC Property.

This OGS work prompted a renewal of exploration interest in the Casselman Greenstone Belt resulting in the staking of several mining claims and investigations involving airborne geophysical surveying, ground geophysical surveying and geochemical heavy mineral soil sampling by exploration companies.

Both the OGS investigations and recent mechanical sampling by the Corporation indicate that there are pervasive and broad areas of KIMs and MMSIMs in a variety of till and overburden material within the small portion of the BRC Property that has been investigated to date.

Gold values are reported to have been obtained on the BRC Property by pioneer prospectors. The BRC Property is thus an exploration target area for gold, diamond and base metal mineralization.

The 1999 exploration program completed on a portion of the BRC Property was successful in locating a series of geophysical anomalies as well as KIM and MMSIM sites that will require follow up investigations.

Recommendations

A two phase program of exploration is proposed for the BRC Property. Budget allocations of approximately **$181,000.00** are proposed to carry out the recommended Phase I exploration program. Proposed funding allocations are as follows:

Phase I

1)	Geochemical sampling (Refine concentrates from 50 submitted samples to SG 3.3 and analyze for Cu, Pb, Zn, Ag, Ni, Mo Overburden Drilling Management Limited)	$2,000.00
2)	Geological Prospecting (Field examination of geophysical anomaly sites and adjacent geology - 2 man crew)	$6,000.00
3)	Geophysical Survey Extension (extend grid southeast to cover the esker area and sites of samples OGS541-Gf-97 and BRC 25-99)	$9,000.00
4)	Reverse Circulation drilling (Anomalous KIM and MMISM sites as well as geophysical anomalies unexplained by surface investigations)	$131,500.00
5)	Contingencies	$32,500.00
	Total Amount Required	**$181,000.00**

Phase II

A Phase II exploration program envisions successful developments during the Phase I exploration program and will be contingent on this anticipated eventuality. A $300.000.00 program is proposed.

Budget allocation for continuation exploration is as listed for the categories designated:

Grid control & Geophysical Surveying	$ 30,000.00
Geology & prospecting	35,000.00
Reverse Circulation Drilling	70,000.00
Conventional Diamond Drilling	100,000.00
Sampling & Assaying	11,000.00
Contingencies	54,000.00
Total	**$ 300,000.00**

Funding in the amount of **$481,000.00** will be required to carry out the proposed Phase I, and if warranted, the Phase II exploration program on the BRC Property.

PLAN OF DISTRIBUTION

Pursuant to an agreement made as of the September •, 1999 (the "**Agency Agreement**") between the Corporation and Standard Securities Capital Corporation (the "**Agent**"), 3,000,000 common shares of the Corporation (the "**Offered Shares**") will be offered to the public at a price of $0.25 per Offered Share (the "**Public Offering**"). This prospectus qualifies the distribution of the Offered Shares. The Public Offering will be made on a "best efforts" basis through the Agent for a period of not more than ninety (90) days following the date (the "**Final Receipt Date**") on which the final receipt is issued for this prospectus by the Ontario Securities Commission. Unless payments for the entire Public Offering are received within the said 90 day period, all payments will be returned forthwith without interest or deduction therefrom. The Agent shall act, or ensure that another dealer is acting, as a market maker on the Canadian Dealing Network system for a period of at least 18 months from the Final Receipt Date.

The Corporation will pay to the Agent a commission equal to 10% of the sale price of the Offered Shares sold (or $75,000 in total if all of the Offered Shares are sold). While the Agent has undertaken to use its "best efforts" to sell Offered Shares, the Agent is under no obligation to sell or purchase any securities.

All subscriptions for Offered Shares must be made through the Agent who will deposit same accompanied by payment at $0.25 for each Offered Share with • (the "**Deposit Agent**"), for acceptance by the Corporation or return to the subscribers. Pursuant to an agreement (the "**Deposit Agreement**") dated September •, 1999, all subscription proceeds will be held by the Deposit Agent until payments for the entire Public Offering are received. Unless payments for the entire Public Offering are so deposited within the said 90 day period, all payments will be returned forthwith without interest or deduction therefrom.

The Agent may engage the services of securities dealers to assist it with the Public Offering and may pay commissions to such dealers in an amount not exceeding the commission payable to the Agent by the Corporation.

In connection with the Public Offering, the Agent may effect transactions which stabilize or maintain the market price of the Corporation's common shares at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

PRIVATE PLACEMENT

On June 9, 1999, the Corporation completed the issue and sale to Sterling Portfolio Securities Inc. ("**Sterling**") of 750,000 special warrants of the Corporation ("**Special Warrants**") at a price of $0.20 per Special Warrant, or $150,000 in the aggregate. Sterling is wholly-owned by Arnold T. Kondrat, who is Executive Vice President and a director of the Corporation (see "Directors and Officers"). Each Special Warrant entitles the holder to receive, at no additional cost, one common share of the Corporation (a "**Warrant Share**"). The Special Warrants are exercisable at any time on or before 4:30 p.m. (Toronto time) on the date (the "**Expiry Time**") which is the earlier of (i) the fifth business day after the date on which a receipt for this prospectus has been issued by the Ontario Securities Commission, and (ii) June 9, 2000. Any Special Warrants not exercised prior to the Expiry Time shall be deemed to have been exercised immediately prior to the Expiry Time without any further action on the part of the holder. Gross proceeds of $150,000 from the sale of the Special Warrants have been paid to the Corporation. This prospectus qualifies the distribution of the Warrant Shares issuable upon the exercise of the Special Warrants.

DIVIDEND IN KIND

Banro Resource Corporation ("**Banro**"), which holds all of the outstanding common shares of the Corporation (see "Sole Shareholder"), is distributing to the holders of Banro's outstanding common shares, as a dividend in kind, 0.325 common shares of the Corporation (collectively, the "**Dividend Shares**") for each common share of Banro held of record at the close of business on •, 1999, fractional Dividend Shares to be rounded up. As of 27, 1999, Banro had 14,921,258 common shares outstanding. This prospectus qualifies the distribution of the Dividend Shares.

Arnold T. Kondrat, Executive Vice President and a director of the Corporation, owns 1,136,200, or 7.61%, of the outstanding common shares of Banro and is Executive Vice President and a director of Banro. Other members of the Corporation's management, namely Richard J. Lachcik, Donat K. Madilo and William R. Wilson, are also members of Banro's management. See "Directors and Officers". Mr. Lachcik owns 10,000 common shares of Banro. Lloyd J. Bardswich, Chief Executive Officer, President and a director of the Corporation, owns 3,500 common shares of Banro.

Notice to Foreign Banro Shareholders

The distribution by Banro of the Dividend Shares as a dividend in kind will constitute a taxable dividend for purposes of the *Income Tax Act* (Canada) (the "**Tax Act**"). Under the Tax Act, a shareholder who is not resident in Canada and receives Dividend Shares as payment of the dividend in kind will be subject to Canadian withholding tax at a rate of 25%, subject to reduction by applicable tax treaty, on the fair market value thereof at the time the dividend is paid.

The Corporation has shareholders with registered addresses in a number of countries, in addition to Canada. The applicable rate of Canadian withholding tax on dividends paid to non-residents is generally 25%, subject to reduction by applicable tax treaty. For dividends beneficially owned by a resident of a country with which Canada has an income tax treaty, the applicable rate is generally reduced to 15%. In the case of a dividend beneficially owned by a company that is a resident of the United Kingdom that controls at least 10% of the voting power of Banro, the rate of tax is 10%. Accordingly, shareholders in these jurisdictions will receive certificates representing the applicable percentage of their Dividend Shares not required to satisfy withholding tax. The balance of the Dividend Shares payable to non-Canadian shareholders will be sold and the proceeds remitted to Revenue Canada in payment of applicable withholding taxes. See "Canadian Federal Income Tax Considerations – Non-Residents of Canada".

SHERIDAN RESERVE INCORPORATED

On February 9, 1999, the Corporation acquired from Banro Resource Corporation 3,860,000 common shares of Sheridan Reserve Incorporated ("**Sheridan**") and 375,000 common share purchase warrants of Sheridan, each such warrant entitling the holder to purchase one common share of Sheridan at a price of $1.20 until July 21, 2000 (see "Prior Sales"). On September 21, 1999, the Corporation sold 500,000 of the common shares of Sheridan held by it at a price of $0.30 per share, or $150,000 in the aggregate. As a result, the Corporation currently owns 3,360,000, or 23.06%, of the outstanding common shares of Sheridan. Sheridan's common shares are quoted by the Canadian Dealing Network. Sheridan was formerly a junior resource exploration company but has disposed of its mineral properties and is currently seeking business opportunities in the high technology industry. Sheridan holds 1,000,000 restricted common shares of Infocast Corporation ("**Infocast**") which is publicly traded in the over-the-counter market in the U.S. under the symbol IFCC. The closing sale price of Infocast's shares on September 23, 1999 was US$8.875 per share. Infocast is in the business of electronic content delivery and information management.

All of the members of the management of the Corporation, other than Lloyd J.Bardswich (see "Directors and Officers"), are also members of the management of Sheridan.

DESCRIPTION OF SHARE CAPITAL

The Corporation's authorized share capital consists of an unlimited number of common shares ("**Common Shares**"), of which 4,861,000 are issued and outstanding. The Common Shares are without par value and entitle the holders thereof to receive notice of all meetings of shareholders and to one vote for each Common Share held. The holders of the Common Shares are entitled to dividends as and when declared by the board of directors of the Corporation and are entitled upon liquidation, dissolution or winding-up of the Corporation, to receive a pro-rata share of the assets of the Corporation distributable to the holders of the Common Shares. The Common Shares carry no special liquidation right, pre-emptive right or conversion rights. The Corporation is permitted to purchase its Common Shares unless otherwise prohibited by the *Business Corporations Act* (Ontario).

CAPITALIZATION

The following table sets forth the unaudited capitalization of the Corporation as at June 30, 1999 and as at August 31, 1999, together with the pro forma capitalization as at August 31, 1999 after giving effect to the Offering, assuming all of the Offered Shares are sold. This table should be read in conjunction with the financial statements of the Corporation and related notes included elsewhere in this prospectus.

Designation of Security	Amount Authorized	Amount Outstanding as at June 30, 1999(1) *(unaudited)*	Amount Outstanding as of August 31, 1999 *(unaudited)*	Pro Forma Outstanding as at August 31, 1999(2) *(unaudited)*
Common Shares	Unlimited	$203,066 (4,861,000 shares)	$203,066 (4,861,000 shares)	$925,873 (8,611,000 shares)
Special Warrants	750,000	$147,807(3) (750,000 Special Warrants)	$147,807(3) (750,000 Special Warrants)	Nil

Notes:

(1) The Corporation's deficit as of June 30, 1999 was $215,025 (unaudited).

(2) After giving effect to the Public Offering (assuming all of the Offered Shares are sold), the exercise of the Special Warrants and the payment of the Agent's commission in the amount of $75,000 and the expenses of the Offering estimated at $100,000.

(3) After deducting issue costs of $2,193.

Other than the Warrant Shares issuable upon exercise of the Special Warrants (see "Private Placement"), there are no shares of the Corporation subject to issuance pursuant to rights, options, warrants, convertible securities, purchase plans and other agreements.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Macleod Dixon, the following summary fairly describes the principal Canadian federal income tax consequences generally applicable to holders of common shares of Banro Resource Corporation on the receipt of Dividend Shares as a dividend in kind on their shares of Banro Resource Corporation as contemplated by this prospectus and who, for purposes of the Income Tax Act (Canada) (the "**Tax Act**"), deal with Banro Resource Corporation and the Corporation at arm's length and will hold such Dividend Shares as capital property ("**Banro Shareholders**").

The Dividend Shares will generally be considered to constitute capital property to a Banro Shareholder unless such Banro Shareholder either holds Dividend Shares in the course of carrying on a business or such Banro Shareholder acquires the Dividend Shares in a transaction or transactions considered to be an adventure in the nature of trade. The Tax Act contains certain provisions relating to securities held by certain financial institutions (**the "Mark-to-Market Rules**"). This summary does not deal with the Mark-to-Market Rules and Banro Shareholders that are "financial institutions" as defined for purposes of those rules should consult their own tax advisors.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**") in force as of the date hereof, counsel's understanding of the current administrative and assessing policies of Revenue Canada, Customs, Excise & Taxation ("**Revenue Canada**") and all specific proposals (the "**Tax Proposals**") to amend the Tax Act and the Regulations announced or released by the Minister of Finance (Canada) prior to the date hereof. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, nor does it take into account provincial, territorial or foreign tax considerations which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be legal or tax advice to any particular Banro Shareholder. No representation is made herein with respect to the Canadian federal income

tax consequences to any particular Banro Shareholder and, accordingly, Banro Shareholders should consult their own tax advisors with respect to their particular circumstances.

Residents of Canada

The following portion of this summary is applicable to Banro Shareholders who, for purposes of the Tax Act and any applicable tax treaty or convention, are residents of Canada.

The distribution by Banro Resource Corporation of the Dividend Shares as a dividend in kind will constitute a taxable dividend for purposes of the Tax Act and the income tax consequences for a Banro Shareholder will be the same as that normally accorded to taxable dividends received by the Banro Shareholder on common shares of Banro Resource Corporation. The amount of such dividend will be equal to the fair market value of the Dividend Shares received by such Banro Shareholder at the time the dividend in kind is paid. Such fair market value will also be the cost to the Banro Shareholder of the Dividend Shares. Banro Resource Corporation currently estimates that such fair market value is approximately $0.25 per Dividend Share. Such estimate is not, however, binding on Revenue Canada.

The amount of the dividend in kind received by a Banro Shareholder who is an individual must be included in the Banro Shareholder's income and will be subject to the gross-up and dividend tax credit rules normally applicable with respect to taxable dividends paid by taxable Canadian corporations. Individuals may be subject to the alternative minimum tax under the Tax Act, depending on their particular circumstances.

The amount of the dividend in kind received by a Banro Shareholder that is a corporation will be included in computing the corporation's income for purposes of the Tax Act and will also generally be deductible in computing the corporation's taxable income. Corporate Banro Shareholders should consult their own tax advisers as to the possible application to their particular circumstances of subsection 55(2) of the Tax Act (which, if it applies, treats all or a portion of the amount of the dividend in kind as proceeds of disposition or as a capital gain, rather than as a dividend).

Private corporations and certain other corporations controlled by or for the benefit of an individual or related group of individuals generally will be liable for the 33-1/3% refundable tax under Part IV of the Tax Act on the dividend in kind, to the extent that the dividend is deductible in computing the recipient corporation's taxable income.

Non-Residents of Canada

The following portion of this summary is applicable to a Banro Shareholder who, for purposes of the Tax Act and any applicable tax treaty or convention, is neither a resident nor deemed to be a resident of Canada, will hold Dividend Shares as capital property and does not use or hold, and is not deemed to use or hold, such Dividend Shares in connection with a business carried on in Canada.

A non-resident Banro Shareholder who receives Dividend Shares as payment of the dividend in kind will be subject to Canadian withholding tax at the rate of 25% of the fair market value of the Dividend Shares at the time the dividend is paid, including any such shares which are sold to fund applicable withholding requirements (see "Dividend in Kind - Notice to Foreign Banro Shareholders"), subject to reduction by an applicable tax treaty. In the case of residents of a jurisdiction with which Canada has an income tax treaty, the withholding tax rate on the dividend is generally reduced to 15% pursuant to tax treaty. In the case of a dividend beneficially owned by a company that is a resident of the United Kingdom that controls at least 10% of the voting power of Banro Resource Corporation, the rate of tax is 10%. Such fair market value will also be the cost to the Banro Shareholder of the Dividend Shares received pursuant to the dividend in kind. Banro Resource Corporation currently estimates that such fair market value is approximately $0.25 per Dividend Share. Such estimate is not, however, binding on Revenue Canada.

ELIGIBILITY FOR INVESTMENT

The Offered Shares and the Dividend Shares will be qualified investments for a trust governed by a registered retirement savings plan or registered retirement income fund or registered education savings plan ("**RRSP**", "**RRIF**" or "**RESP**") that acquires such shares under the Offering or distribution thereof hereunder, provided that at the time the shares are acquired; (i) the Corporation is not controlled by one or more non-resident persons; (ii) all or substantially all of the fair market value of the assets of the Corporation is attributable to assets that are used primarily in carrying on an active business in Canada by the Corporation or by a corporation related to it; and (iii) the annuitant under the plan or fund or the subscriber or beneficiary in the case of an RESP is not a connected shareholder of the Corporation immediately following the acquisition. For this purpose, a connected shareholder includes any person who either alone or together with non-arm's length parties owns, directly or indirectly (including for this purpose certain rights to acquire shares), 10% or more of the shares of any class of the Corporation or of any related corporation, including certain shares owned by trusts or partnerships of which any person is a member or beneficiary, unless the person deals at arm's length with the Corporation and the aggregate cost amount of such shares is less than $25,000.

If the Corporation subsequently makes an election to be a "public corporation", this would not affect whether any common shares of the Corporation previously acquired were qualified investments at the time of acquisition, but could result in common shares of the Corporation acquired after the effective time of the election being qualified investments for an RRSP, RRIF or RESP (whether or not the annuitant subscriber or beneficiary is a connected shareholder of the Corporation) or for a trust governed by a registered education savings plan or deferred profit sharing plan. It is not currently known whether or when the Corporation will be in a position to file such an election.

The Offered Shares and the Dividend Shares will not be foreign property for such plans.

An investor that is an RRSP or RRIF or other deferred plan should consult its own advisors.

USE OF PROCEEDS

The net proceeds of the Public Offering (assuming all of the Offered Shares are sold), after deducting the Agent's commission of $75,000 and the expenses of the Offering estimated at $100,000, will be expended as follows:

Carrying out the work program recommended in the Tagliamonte Report	$481,000
Administrative expenses and working capital for the next year	$94,000
Total	**$575,000**

PRIOR SALES

Other than as described below, the Corporation has not issued any shares or other securities during the twelve months prior to the date of this prospectus.

On February 9, 1999, the Corporation issued 4,860,000 common shares to Banro Resource Corporation ("**Banro**") as the consideration for the sale to the Corporation by Banro of 3,860,000 common shares and 375,000 common share purchase warrants of Sheridan Reserve Incorporated ("**Sheridan**"), each such warrant entitling the holder to purchase one common share of Sheridan at a price of $1.20 until July 21, 2000. See "Sheridan Reserve Incorporated" and "Sole Shareholders".

On June 9, 1999, the Corporation issued 750,000 Special Warrants to Sterling Portfolio Securities Inc. ("**Sterling**") at a price of $0.20 per Special Warrant. Sterling is wholly owned by Arnold T. Kondrat, Executive Vice President and a director of the Corporation. Each Special Warrant is exercisable into one common share of the Corporation, without additional costs, subject to the satisfaction of certain conditions. These conditions include qualification of the common shares issuable upon the exercise of the Special Warrants for distribution pursuant to a receipt issued for this prospectus by the Ontario Securities Commission. Such common shares will, after the issuance of a receipt by the Ontario Securities Commission in respect of this prospectus, be qualified for distribution in Ontario. Gross proceeds of $150,000 from the issue of the Special Warrants have been paid to the Corporation. See "Private Placement".

DIRECTORS AND OFFICERS

The following table sets forth the name, municipality of residence, position or office held with the Corporation and principal occupations during the last five years of each of the directors and officers of the Corporation.

Name And Municipality of Residence	Position(s) With the Corporation	Principal Occupations During Last Five Years
Arnold T. Kondrat Toronto, Ontario	Executive Vice-President and a director	Senior officer of Banro Resource Corporation (a junior resource exploration company) and Secretary of Sheridan Reserve Incorporated (a junior resource exploration company).
Donat K. Madilo Toronto, Ontario	Chief Financial Officer and a director	Treasurer of Banro Resource Corporation (a junior resource exploration company) from June 30, 1998 to present, Treasurer of Sheridan Reserve Incorporated (a junior resource exploration company) from May 13, 1998 to present, Administrator of Banro Resource Corporation from Nov. 1996 to June 30, 1998 and Administrator of Sheridan Reserve Incorporated from Nov. 1996 to May 13, 1998. From July 1994 to Sept. 1996, Mr. Madilo was a self-employed business consultant advising small businesses on matters relating to financial statements, payroll, billing and taxes.
William R. Wilson Denver, Colorado	Director	Secretary of Banro Resource Corporation (a junior resource exploration company) from April 1, 1996 to present, Secretary of EWRX Internet Systems Inc. (an internet company) from October 1998 to present, President of Gold King Mines Corporation (a resource exploration company) from April 1993 to July 1999, President of Grant Reserve Corporation (a resource exploration company) from December 1997 to January 1999, Vice-President, Operations of Nevada Manhattan Mining, Inc. (a natural resource company) from April 1996 to January 1999, and Chairman of the Board of Gold King Consolidated Inc. (a resource mining and oil and gas development company) from April 1991 to April 1997.
Richard J. Lachcik Oakville, Ontario	Secretary and a director	Partner of Macleod Dixon (a law firm) since August, 1998 and, prior thereto, partner of Weir & Foulds (a law firm).
Lloyd J. Bardswich Virginia City, Monitana	Chief Executive Officer, President and a director	President and General Manager of Madison Mining Corporation (a resource exploration company), and a consulting mining engineer in Canada, the United States and Zimbabwe.

Following are the particulars of all of the associations with other public corporations within the past five years of the officers and directors of the Corporation:

Name	Public Company	Capacity	Period
Arnold T. Kondrat	Banro Resource Corporation	Director and Officer	May 1994 to present
	Sheridan Reserve Incorporated	Director and Officer	Aug. 24, 1993 to present
	Grant Reserve Corporation	Director and Officer	Dec. 31, 1997 to January 1999
	Cable Copper Mines Limited	Director and Officer	Jan. 22, 1997 to June 30, 1999
William R. Wilson	Banro Resource Corporation	Director and Officer	August 1995 to present
	Grant Reserve Corporation	Director and Officer	Dec. 31, 1997 to January 1999
	Nevada Manhattan Mining, Inc.	Officer	April, 1996 to January 1999
	Sheridan Reserve Incorporated	Director	Aug. 1997 to present
	EWRX Internet Systems Inc. (formerly, Europa Resources Inc.)	Director, Officer and Consultant	Dec., 1997 to present
	Gold King Consolidated Inc.	Director	April, 1991 to April, 1997
Richard J. Lachcik	Banro Resource Corporation	Director	August 23, 1996 to present
	Iceberg Media.Com Inc.	Director and Officer	June 30, 1999 to present
	Opus Minerals Inc. (formerly, TNK Resources Inc.)	Director	June 29, 1998 to August 27, 1999
	Asquith Resources Inc.	Director	June 24, 1999 to present
	Vertex Ventures Inc. (formerly, Midswana Diamond Exploration Corp.)	Director and Officer	October 30, 1998 to August 27, 1999
	Sheridan Reserve Incorporated	Director and Officer	June 29, 1998 to present
	Cotton Valley Resources Corporation	Director	June 17, 1996 to July 17, 1998
Donat K. Madilo	Banro Resource Corporation	Officer	June 30, 1998 to present
	Cable Copper Mines Limited	Director	June 29, 1998 to June 30, 1999
	Sheridan Reserve Incorporated	Director and Officer	May 13, 1998 to present
Lloyd J. Bardswich	Cline Development Corporation	Director and Officer	1983 to June 1996
	Sheridan Reserve Incorporated	Director and Officer	August 1993 to June 1998
	Grant Reserve Corporation	Director and Officer	Dec. 1997 to Januany 1999

COMPENSATION OF DIRECTORS AND OFFICERS

No compensation or remuneration has been paid or is payable by the Corporation to any of its directors or officers from the Corporation's incorporation to the date of this prospectus. No plan or policy has been established with regard to future remuneration of the officers and directors of the Corporation and there are no employment contracts.

No agreements have been entered into between the Corporation and its management setting out the responsibilities and specific management services to be provided to the Corporation. If such agreements are entered into in the future, the terms will comply with the provisions of the policies of the Ontario Securities Commission (the "**OSC**"). OSC Policy 5.2 limits the monthly cash fee paid or payable in the aggregate to management of issuers which have no cash flow or immediate source of funds, other than public subscriptions, to $2,000.

If any officer or director provides professional services on behalf of the Corporation from time to time, he will be paid for such professional services to the Corporation at the usual rates at which such services would normally be charged provided they are competitive within the mining industry. Any such fees will be negotiated at such time and there are no agreements currently in place to provide for such services or remuneration therefor.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director or officer of the Corporation or associate of any such director or officer is now, or at any time since the beginning of the Corporation's financial year ended December 31, 1998 has been, indebted to the Corporation.

STOCK OPTION PLAN

The Corporation has an incentive stock option plan dated September 27, 1999 (the "**Plan**") under which non-transferable options ("**Options**") to purchase common shares of the Corporation ("**Common Shares**") may be granted by the board of directors of the Corporation (the "**Board**") to directors, officers, consultants and employees of the Corporation or an affiliate of the Corporation. The Plan contains early termination provisions for certain situations. In addition, the Plan contains provisions stating that the term of an Option may not be longer than five years, the maximum number of Common Shares that may be issued pursuant to Options is 860,000 and the exercise price of an Option shall be determined by the Board, provided, however, that the exercise price shall not be less than the "market price" of the Common Shares on the date the Option is granted. Under the Plan, "market price" means the closing sale price of the Common Shares on the principal market on which the Common Shares are traded on the trading day immediately preceding the date the Option is granted, and if the Common Shares did not trade on such trading day, "market price" means the average of the closing bid and ask prices on such market. No Options have been granted to date.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, officer or shareholder of the Corporation and no associate or affiliate of such director, officer or shareholder has or has had any material interest, direct or indirect, in any transaction within the three years prior to the date of this prospectus or in any proposed transaction which in either such case has materially affected or will materially affect the Corporation, except as disclosed elsewhere herein. See "Dividend in Kind", "Private Placement", "Prior Sales", "Sole Shareholder" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

SOLE SHAREHOLDER

Banro Resource Corporation ("**Banro**") owns of record and beneficially all of the outstanding common shares of the Corporation ("**Common Shares**"), being 4,861,000 Common Shares. As discussed under "Dividend in Kind", Banro will be distributing to its shareholders as a dividend in kind 0.325 Common Shares for each common share of Banro held of record at the close of business on •, 1999, fractional shares to be rounded up. As a result, following the completion of the Offering and based on the number of common shares of Banro currently outstanding, Banro will hold less than 0.14% of the Common Shares to be outstanding following the completion of the Offering (assuming all of the Offered Shares are sold). To the knowledge of the management of Banro, the only person or company who beneficially owns more that 10% of the outstanding common shares of Banro is Cluff Mining Limited, which holds 1,883,367 shares or 12.62% of the issued and outstanding common shares of Banro. Banro's head office is located at Suite 2110, 181 University Avenue, Toronto, Ontario.

The directors and officers of the Corporation as a group beneficially own 1,149,700, or 7.71%, of the issued and outstanding common shares of Banro.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Corporation was inactive prior to 1999 and, other than the write-off discussed below, did not incur any material expenses until 1999.

During fiscal 1998 (the Corporation's financial year end is December 31), the Corporation wrote off an outstanding receivable of $200,213 due from Banro Resource Corporation, the sole shareholder of the Corporation (see "Sole Shareholder"). This receivable was unsecured, non-interest bearing and repayable on demand.

On February 9, 1999, the Corporation acquired from Banro Resource Corporation 3,860,000 common shares of Sheridan Reserve Incorporated ("**Sheridan**") and 375,000 common share purchase warrants of Sheridan, each such warrant entitling the holder to purchase one common share of Sheridan at a price of $1.20 until July 21, 2000. The Corporation issued to Banro 4,860,000 common shares as the consideration for the said Sheridan securities. See "Prior Sales". On September 21, 1999, the Corporation sold 500,000 of the common shares of Sheridan held by it at a price of $0.30 per share, for aggregate proceeds to the Corporation of $150,000.

On June 9, 1999, the Corporation completed the issue and sale of 750,000 Special Warrants for gross proceeds to the Corporation of $150,000, or $147,807 net of issue costs. See "Private Placement".

The Corporation acquired its exploration properties (see "Property of the Corporation") on June 5, 1999 for a purchase price of $15,000. The vendor of these properties retained a 2% royalty.

PROMOTER

Banro Resource Corporation ("**Banro**") may be considered to be the promoter of the Corporation within the meaning of the Ontario *Securities Act* by reason of having taken the initiative in founding and organizing the business of the Corporation. Banro currently owns all of the outstanding common shares of the Corporation (see "Sole Shareholder").

RISK FACTORS

*An investment in the securities offered hereby (the "**Securities**") may involve certain risks. Prospective investors should carefully review and consider each, and the cumulative effect of all, of the risk factors set forth below, in addition to the other information contained in this prospectus in evaluating an investment in the Securities.*

Marketability

There is no trading market for the Securities and none is expected to develop as a consequence of the Offering. Accordingly, it may not be possible to resell the Securities. The offering price of the Offered Shares was established by the directors of the Corporation based solely on their assessment of the likely reception of the financial market to an offering of such shares. The Securities are highly speculative. The Corporation does not have a track record and there is little probability of short term profit. Investors in the Securities should be prepared to accept the risks inherent in the natural resource exploration business and to risk losing all or part of their investment or to face the possibility of no return thereon.

Speculative Nature of Securities

The BRC Property is without a known body of commercial ore and the proposed program is an exploratory search for ore. Further exploration programs on the BRC Property are dependent on obtaining favourable results from the preceding work. If the Corporation does not continue to obtain favourable results from its exploration programs it may abandon the BRC Property and acquire and develop other properties. See “Property of the Corporation” and “Use of Proceeds”. Mineral exploration is a highly speculative business and a substantial portion of the net proceeds received by the Corporation from the Public Offering under this prospectus will be expended in mineral exploration. Some of the uncontrollable risk factors involved in the business of searching for ore include changes in laws relating to exploration activities and environmental considerations, adverse market conditions or fluctuations in the price of metals governed by supply and demand as well as increases in the development costs during drilling operations and underground operations. Even if economic mineralization is found on the BRC Property, the Corporation does not in itself have financial resources to bring the mine into production. The only source of funds presently available to the Corporation is through the sale of equity capital.

If the Corporation's exploration activities are not successful, a purchaser of the Securities may lose the entire amount paid therefor.

As the officers and directors of the Corporation are involved with other mineral exploration companies (see “Directors and Officers”), there may be potential conflicts of interest and they will only expend a limited amount of their time managing the affairs of the Corporation.

Environmental Regulations

Environmental regulation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The mining industry in Canada is subject to legislation at both the federal and provincial levels concerning the protection of the environment. In particular, such legislation imposes high standards on the mining industry to reduce or eliminate the effects of wastes generated by extraction and processing operations and subsequently deposited on the ground or emitted into the air or water. Accordingly, the design of mines and mills and the conduct of overall extracting and processing operations is subject to the restrictions contained in such legislation. In addition, the construction, development and operation of a mine, mill and refinery typically entail compliance with applicable environmental legislation and/or review processes and the obtaining of land use and other permits, water licences and similar authorizations from various government agencies. In particular, legislation is in place for lands under federal jurisdiction or located in certain provinces which provides for the preparation of costly environmental impact assessment reports prior to the commencement of any mining operations. These reports entail a detailed technical and scientific assessment as well as a prediction of the impact on the environment of proposed development. Any failure to comply with the legislation referred to above may result in orders being issued thereunder which may cause operations to cease or to be curtailed or may require installation of additional facilities or equipment. Violators may be required to compensate those suffering loss or damage by reason of its mining activities and may be fined and/or imprisoned if convicted of an offence under such legislation.

YEAR 2000 ISSUE

As illustrated below, the Corporation believes that the "Year 2000 issue" is not material to the Corporation's activities. The following discussion has been structured in accordance with the requirement of the Ontario Securities Commission that the disclosure with respect to the Year 2000 issue address, at a minimum, the four items indicated below.

(a) Vulnerability - The Corporation is engaged in mineral exploration. To support this activity in the field, the Corporation, which does not own any computers or equipment, will rely on independent contractors and technical consultants. The Corporation is not dependent on suppliers of goods whose potential vulnerability to Year 2000 problems would have any significant impact on the Corporation's activities. Any independent contractors and technical consultants utilized by the Corporation in their management and evaluation of the Corporation's field exploration projects will be required to certify that any equipment used by them is Year 2000 compliant.

(b) Evaluation - The Corporation has evaluated its situation and is satisfied that the failure of any of its suppliers and contractors to achieve total Year 2000 compliance to their systems by due date would not have any material impact on the Corporation's operations. The Corporation therefore has no critical systems which require detailed plans for the achievement of Year 2000 compliance. Similarly, the Corporation is not exposed to any material risks requiring detailing contingency planning in the event that any of its suppliers of goods and services should fail to achieve Year 2000 compliance by due date.

(c) Status of Remediation Plans - As indicated above, the Corporation does not require any remediation plans.

(d) Costs of Compliance - The Corporation does not anticipate that any costs in this regard will be incurred in the future.

DILUTION

The following table sets forth the dilution to the Offered Shares and the Warrant Shares (in relation to the price paid for the Special Warrants) after giving effect to the issuance of all of the Offered Shares and the exercise of the Special Warrants into the Warrant Shares. The information in the table under "Book Value as at June 30, 1999" is based upon the pro forma net tangible book value of the Corporation as at June 30, 1999. The information in the table under "Market Value as at August 31, 1999" is based upon the pro forma net tangible book value of the Corporation together with the market value ("**Market Value**") of the Corporation's investment in Sheridan Reserve Incorporated (see "Sheridan Reserve Incorporated), all as at August 31, 1999. Market Value was determined by multiplying the number of common shares of Sheridan Reserve Incorporated held by the Corporation as at August 31, 1999 by the last trading price of such shares as reported by the Canadian Dealing Network as at August 31, 1999.

	Book Value as at June 30, 1999	Market Value as at August 31, 1999
Price per Offered Share	$0.25	$0.25
Price per Special Warrant	$0.20	$0.20
Net tangible value before giving effect to the Offering	Nil	$0.24
Increase/(decrease) in net tangible value attributable to the Offering	$0.08[(1)]	($0.03)[(1)]
Net tangible value after giving effect to the Offering	$0.08	$0.21
Dilution to holders of Offered Shares	$0.17	$0.04
Dilution to holder of Special Warrants	$0.12	No dilution
Percentage of dilution to holders of Offered Shares in relation to price for Offered Shares	68%	16%
Percentage of dilution to holder of Special Warrants in relation to price for Special Warrants	60%	No dilution

(1) After deducting the Agent's commission in the amount of $75,000 and the expenses of the Offering estimated at $100,000.

DIVIDENDS

No dividends have been paid to date by the Corporation and the Corporation has not established a dividend policy.

AUDITORS

The auditors of the Corporation are PricewaterhouseCoopers LLP, 145 King Street West, Toronto, Ontario M5H 1V8.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar with respect to the common shares of the Corporation is •, Toronto, Ontario.

MATERIAL CONTRACTS

The only contracts entered into by the Corporation within two years of the date hereof which may reasonably be regarded as presently material are the following:

(1) the Purchase Agreement referred to under "Property of the Corporation - Acquisition of Property and Title";

(2) the Agency Agreement referred to under "Plan of Distribution";

(3) the Deposit Agreement referred to under "Plan of Distribution; and

(4) the subscription agreement dated June 9, 1999 entered into by the Corporation and Sterling Portfolio Securities Inc. relating to the sale of the Special Warrants. See "Private Placement".

Copies of the foregoing contracts may be inspected at the principal office of the Corporation during regular business hours during the distribution of the shares offered by this prospectus and for 30 days thereafter.

LEGAL PROCEEDINGS

The Corporation is not involved in any legal proceedings.

PURCHASERS' STATUTORY RIGHTS

Sections 71, 130 and 138 of the *Securities Act* (Ontario) provide, in effect, that when a security is offered in the course of a distribution to the public:

1) a purchaser will not be bound by a contract for the purchase of such security, if written or telegraphic notice of his intention not to be bound is received by the dealer from whom the purchaser purchased the security not later than midnight on the second business day after the latest prospectus and any amendment to the prospectus offering such security is received or deemed to be received by the purchaser or his agent; and

2) if a prospectus together with an amendment to the prospectus contains a misrepresentation, a purchaser who purchases a security offered thereby during the period of distribution or distribution to the public shall be deemed to have relied on such misrepresentation if it was a misrepresentation at the time of purchase and, subject to the limitations set forth in the Act, a purchaser:

(a) has a right of action for damages against:

(i) the issuer or selling security holder on whose behalf distribution is made;

(ii) each underwriter required to sign the certificate required by Section 59 of the Act;

(iii) every director of the issuer at the time the prospectus or amendment was filed;

(iv) every person or company whose consent has been filed pursuant to a requirement of the regulations under the Act but only with respect to reports, opinions or statements made by them; and

(v) every other person or company who signed the prospectus or amendment,

but no action to enforce the right can be commenced by a purchaser more than the earlier of 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action or three years from the date of the transaction that gave rise to the cause of action, or

(b) where the purchaser purchased the security from a person or company referred to in (i) or (ii) above or from another underwriter of the securities, he may elect to exercise a right of rescission against such person, company or underwriter, in which case he shall have no right of action for damages against such person, company or underwriter, but no action to enforce this right can be commenced by a purchaser more than 180 days after the date of the transaction that gave rise to the cause of action.

Reference is made to the aforesaid Act for the complete texts of the provisions under which the foregoing rights are conferred and the foregoing summary is subject to the express provisions thereof.

CONTRACTUAL RIGHT OF ACTION FOR RESCISSION

In the event that a holder of Special Warrants who acquires Warrant Shares upon the exercise of Special Warrants as provided for in this prospectus is or becomes entitled under applicable securities legislation to the remedy of rescission by reason of this prospectus or any amendment containing a misrepresentation, such holder shall be entitled to rescission not only of the holder's exercise of its Special Warrants but also of the private placement transaction pursuant to which the Special Warrants were initially acquired and shall be entitled in connection with such rescission to a full refund of all consideration paid to the Corporation on the acquisition of the Special Warrants. In the event such holder is a permitted assignee of the interest of the original Special Warrant subscriber, such permitted assignee shall be entitled to exercise the rights of rescission and refund granted to the original Special Warrant subscriber as if such permitted assignee was such original subscriber. No action may be taken to enforce the foregoing rights more than 180 days after the Expiry Time. The foregoing is in addition to any other right or remedy available to a holder of the Special Warrants under Section 130 of the *Securities Act* (Ontario) or otherwise at law.

FINANCIAL STATEMENTS OF THE CORPORATION

BRC Development Corporation
(formerly 906896 Ontario Inc.)

Financial Statements
December 31, 1998 and 1997

PricewaterhouseCoopers LLP
Chartered Accountants
145 King Street West
Toronto Ontario
Canada M5H 1V8
Telephone +1 (416) 869 1130
Facsimile +1 (416) 863 0926

Auditors' Report

To the Directors of
BRC Development Corporation

We have audited the balance sheets of **BRC Development Corporation** (formerly known as 906896 Ontario Inc.) as at December 31, 1998 and 1997 and the statements of operations and deficit and cash flows for the year ended December 31, 1998, the seven-month period ended December 31, 1997 and the year ended May 31, 1997. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1998 and 1997 and the results of its operations and its cash flows for the year ended December 31, 1998, the seven-month period ended December 31, 1997 and the year ended May 31, 1997 in accordance with generally accepted accounting principles.

Chartered Accountants
June 15, 1999 except for notes 3, 7(c) and 7(d) which are as of September 28, 1999.
Toronto, Ontario

BRC Development Corporation
(formerly 906896 Ontario Inc.)
Balance Sheets

(expressed in Canadian dollars)

	June 30, 1999 $ (unaudited)	December 31, 1998 $	December 31, 1997 $
Assets			
Current assets			
Cash	77,640	1,252	1,334
Due from parent company (note 4(a))	–	–	200,213
Other current assets	7,807	–	–
	85,447	1,252	201,547
Mineral properties (note 7(a))	95,483	–	–
	180,930	1,252	201,547
Liabilities			
Current liabilities			
Accounts payable	43,610	2,000	1,334
Due to related party (note 4(b))	1,472	1,531	1,429
	45,082	3,531	2,763
Shareholders' Equity			
Capital stock (note 3)	203,066	203,066	203,066
Special Warrants (note 7(b))	147,807	–	–
Deficit	(215,025)	(205,345)	(4,282)
	135,848	(2,279)	198,784
	180,930	1,252	201,547

Contingency (note 6)

Approved by the Board of Directors

(signed) Director
Arnold T. Kondrat

(signed) Director
Richard J. Lachcik

BRC Development Corporation
(formerly 906896 Ontario Inc.)
Statements of Operations and Deficit

(expressed in Canadian dollars)

	For the six-month period ended June 30, 1999 $ (unaudited)	For the six-month period ended June 30, 1998 $ (unaudited)	For the year ended December 31, 1998 $	For the seven-month period ended December 31, 1997 $	For the year ended May 31, 1997 $
Expenses					
Consulting fees	8,140	–	–	–	–
Professional fees	1,500	–	–	–	–
General and administrative	174	32	786	704	724
Foreign exchange	3	6	64	1	–
Write-off of parent company receivable (note 4(a))	–	–	200,213	–	–
	9,817	38	201,063	705	724
Interest income	137	–	–	–	–
Loss for the period	9,680	38	201,063	705	724
Deficit – Beginning of period	205,345	4,282	4,282	3,577	2,853
Deficit – End of period	215,025	4,320	205,345	4,282	3,577

BRC Development Corporation

(formerly 906896 Ontario Inc.)

Statements of Cash Flows

(expressed in Canadian dollars)

	For the six-month period ended June 30, 1999 $ (unaudited)	For the six-month period ended June 30, 1998 $ (unaudited)	For the year ended December 31, 1998 $	For the seven-month period ended December 31, 1997 $	For the year ended May 31, 1997 $
Cash provided by (used in)					
Operating activities					
Net loss for the period	(9,680)	(38)	(201,063)	(705)	(724)
Add back item not affecting cash					
Write-off of parent company receivable	–	–	200,213	–	–
Net change in working capital items other than cash					
Other current assets	(7,807)	–	–	–	–
Accounts payable	1,500	–	666	667	667
	(15,987)	(38)	(184)	(38)	(57)
Financing activities					
Issuance of Special Warrants	147,807	–	–	–	–
Change in due to related party	(59)	43	102	48	1,381
	147,748	43	102	48	1,381
Investing activities					
Mineral properties	(55,373)	–	–	–	–
Net increase (decrease) in cash during period	76,388	5	(82)	10	1,324
Cash – Beginning of period	1,252	1,334	1,334	1,324	–
Cash – End of period	77,640	1,339	1,252	1,334	1,324

BRC Development Corporation
(formerly 906896 Ontario Inc.)
Notes to Financial Statements
December 31, 1998 and 1997

(Information as at June 30, 1999 and for the six-month periods ended June 30, 1999 and 1998 is unaudited)
(expressed in Canadian dollars)

1 Nature of business

The BRC Development Corporation (the Corporation), previously known as 906896 Ontario Inc. until December 15, 1997, had been largely inactive prior to 1999. Currently, the principal business of the Corporation is the acquisition and exploration of mineral properties.

In 1997, the Corporation changed its year-end from May 31 to December 31.

The Corporation is a wholly owned subsidiary of Banro Resource Corporation (Banro). The recoverability of amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Corporation to obtain financing to complete the development of the properties where necessary and upon future profitable production, or, alternatively, upon the Corporation's ability to recover its spent costs through a disposition of its interests, all of which are uncertain.

2 Summary of significant accounting policies

Generally accepted accounting principles

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Mineral properties

Costs relating to the acquisition, exploration and development of non-producing resource properties are capitalized until such time as either economically recoverable reserves are established, the properties are sold or abandoned, or the value of the particular property is impaired. The excess of these costs over estimated recoveries is charged to operations. The ultimate recovery of these costs depends on the discovery and development of economic reserves or the sale of the mineral rights. The amounts shown for non-producing resource properties do not necessarily reflect present or future values.

Financial instruments

Financial instruments are initially recorded at historical cost. The fair values of cash, due from parent company other current assets, accounts payable and due to related party approximate their recorded amounts because of the short period to receipt or payment of cash.

BRC Development Corporation
(formerly 906896 Ontario Inc.)
Notes to Financial Statements
December 31, 1998 and 1997

(Information as at June 30, 1999 and for the six-month periods ended June 30, 1999 and 1998 is unaudited)
(expressed in Canadian dollars)

3 Capital stock

Authorized
Unlimited common shares

	Number of shares	Amount $
Issued		
December 31, 1998 and 1997	1,000	203,066
Issued to Banro (unaudited)	4,860,000	–
June 30, 1999 (unaudited)	4,861,000	203,066

In February 1999, the Corporation entered into an agreement to purchase from Banro its entire investment in Sheridan Reserve Incorporated (SRI), consisting of 3,860,000 common shares and 375,000 common share purchase warrants, in consideration for 4,860,000 common shares of the Corporation. Each SRI common share purchase warrant entitles the holder to purchase one common share of SRI at CAN$1.20 per share until July 2000.

As this transaction occurred between the Corporation and its parent, it has been accounted for at carrying value.

Banro, at the date of transfer, and the Corporation, as at June 30, 1999, held 35.32% of the issued and outstanding shares of SRI and thus employed the equity method of accounting for this investment. In September 1999, the Corporation sold 500,000 common shares of SRI for total proceeds of $150,000.

As at the date of transfer, Banro's share of SRI's loss exceeded its total investment by approximately $1,264,000, while as at June 30, 1999, the Corporation's share of loss exceeded the total investment by approximately $1,316,000. This loss has not been recognized in the financial statements. Accordingly, $nil values have been assigned to the 4,860,000 common shares issued by the Corporation and the consideration received, the investment in SRI. If future earnings materialize, these earnings will be credited against the unrecognized loss.

BRC Development Corporation
(formerly 906896 Ontario Inc.)
Notes to Financial Statements
December 31, 1998 and 1997

(Information as at June 30, 1999 and for the six-month periods ended June 30, 1999 and 1998 is unaudited)
(expressed in Canadian dollars)

4 Related party transactions

a) Due from parent company

During 1998, the Corporation wrote off the outstanding receivable of $200,213 due from its parent company. This receivable was unsecured, non-interest bearing and repayable upon demand.

b) Due to related party

The amount due to an affiliated company is unsecured, non-interest bearing and repayable upon demand.

5 Income taxes

The Corporation has available losses that may be carried forward to apply against future Canadian income for tax purposes as follows:

	$
2004	1,428
2005	786

The potential income tax benefit of these loss carry-forwards has not been recognized in the financial statements.

6 Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on the Corporation's operations and financial reporting may range from minor errors to significant systems failure which could affect the Corporation's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Corporation, including those related to the efforts of customers, suppliers, or other third parties to be Year 2000 compliant, will be fully resolved on a timely basis.

BRC Development Corporation
(formerly 906896 Ontario Inc.)
Notes to Financial Statements
December 31, 1998 and 1997

(Information as at June 30, 1999 and for the six-month periods ended June 30, 1999 and 1998 is unaudited)
(expressed in Canadian dollars)

7 Other subsequent events

a) Mineral properties

In June 1999, the Corporation entered into an agreement to purchase a 100% undivided legal and beneficial interest in and to eleven mining claims located in Northern Ontario for $15,000 from a company formerly related through common directorship. A 2% royalty relating to diamonds, gems and precious stones mined and sold, and a 2% net smelter royalty on ore derived from the property have been retained by the vendor.

Minimum exploration expenditures totalling $68,000 are required to maintain the eleven mining claims until 2001. These expenditures must be incurred by April 2000.

b) Special Warrants

In June 1999, the Corporation entered into an agreement to issue 750,000 Special Warrants for $150,000 net of $2,193 in issue costs to a company wholly owned by a director of the Corporation. Each Special Warrant will be exercisable, without payment of additional consideration, into one common share of the Corporation at the earlier of:

i) the fifth business day after the date upon which a receipt for a final prospectus to be filed by the Corporation with respect to the distribution of shares has been obtained from the Ontario Securities Commission (see note 7(d)); or

ii) June 2000.

c) Stock option plan

In September 1999, the Corporation established an incentive stock option plan under which non-transferrable options to purchase common shares of the Corporation may be granted by the board of directors to directors, officers, consultants and employees of the Corporation or an affiliate of the Corporation.

BRC Development Corporation
(formerly 906896 Ontario Inc.)
Notes to Financial Statements
December 31, 1998 and 1997

(Information as at June 30, 1999 and for the six-month periods ended June 30, 1999 and 1998 is unaudited)
(expressed in Canadian dollars)

d) Prospectus filing

Effective September 1999, the "private company restrictions" were deleted from the Corporation's articles.

The Corporation is in the process of filing a prospectus to qualify for distribution:

- to the public 3,000,000 common shares at a price of $0.25 per share;
- 750,000 common shares issuable upon the exercise of 750,000 Special Warrants previously issued (see note 7(b)); and
- up to 4,861,000 common shares of the Corporation held by Banro to be distributed to Banro's shareholders as a dividend in kind on the basis of 0.325 common shares of the Corporation for each common share of Banro held.

CERTIFICATES OF THE CORPORATION AND PROMOTER

DATED: September 28, 1999

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part XV of the *Securities Act* (Ontario) and the regulations thereunder.

(signed) Lloyd J. Bardswich
Chief Executive Officer

(signed) Donat K. Madilo
Chief Financial Officer

On Behalf of the Board of Directors

(signed) William R. Wilson
Director

(signed) Arnold T. Kondrat
Director

BANRO RESOURCE CORPORATION

By: (signed) Arnold T. Kondrat
Executive Vice President

CERTIFICATE OF THE AGENT

DATED: September 28, 1999

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part XV of the *Securities Act* (Ontario) and the regulations thereunder.

STANDARD SECURITIES CAPITAL CORPORATION

By:(signed) Mark Marcello
Vice President

The following includes the names of all persons having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of Standard Securities Capital Corporation: Denise Petican, Mark Marcello, Jan Faltash and Gordon Winthrope.

RISK SHEET

YOU SHOULD READ THIS NOTICE FROM THE ONTARIO SECURITIES COMMISSION IMMEDIATELY. THIS RELATES TO THE SHARES OFFERED BY THE ACCOMPANYING PROSPECTUS.

RISK
THESE SHARES ARE SPECULATIVE. THE COMPANY DOES NOT NOW OWN OR HAVE ANY RIGHT TO A KNOWN BODY OF ORE. THE CHANCES OF FINDING A PROFITABLE ORE BODY ARE SMALL.

RESALE
THESE SHARES ARE NOT LISTED ON A STOCK EXCHANGE. ACCORDINGLY, YOU MAY NOT BE ABLE TO RESELL THEM. YOUR DEALER DOES NOT HAVE TO PURCHASE THESE SHARES BACK.

DILUTION
ONLY A PORTION OF THE PRICE PAID BY YOU FOR THE SHARES IS RECEIVED BY THE COMPANY AND IS AVAILABLE FOR EXPLORATION. THAT AMOUNT IS SHOWN ON THE FACE PAGE OF THE PROSPECTUS.

CANCELLATION
YOU ARE NOT REQUIRED TO PURCHASE THESE SHARES. IF YOU HAVE ALREADY PURCHASED OR AGREED TO PURCHASE SHARES, YOU MAY CANCEL THE PURCHASE BY SENDING OR DELIVERING NOTICE OF YOUR CANCELLATION TO THE DEALER FROM WHOM YOU PURCHASED THE SHARES. THIS NOTICE MUST BE RECEIVED BY THE DEALER NOT LATER THAN MIDNIGHT ON THE SECOND DAY AFTER RECEIPT OF THE ACCOMPANYING PROSPECTUS (NOT INCLUDING SUNDAYS AND HOLIDAYS).

VEUILLEZ LIRE IMMÉDIATEMENT CET AVIS DE LA COMMISSION DES VALEURS MOBILIÈRES DE L'ONTARIO CONCERNANT LES ACTIONS OFFERTES DANS LE PROSPECTUS D'ACCOMPAGNEMENT

RISQUES
CES ACTIONS SONT SPÉCULATIVES. LA COMPAGNIE NE DÉTIENT ACTUELLEMENT AUCUN TITRE DE PROPRIÉTÉ NI AUCUN DROIT SUR UN GISEMENT DE MINERAI CONNU. LES POSSIBILITÉS DE DÉCOUVERTE D'UN GISEMENT RENTABLE SONT FAIBLES.

REVENTE
CES ACTIONS NE SONT PAS COTÉES EN BOURSE. VOUS POUVEZ, PAR CONSÉQUENT, VOUS TROUVER DANS L'IMPOSSIBILITÉ DE LES REVENDRE. VOTRE COURTIER N'EST PAS TENDU DE VOUS LES RACHETER.

DILUTION
LE MONTANT VERSÉ À LA COMPAGNIE ET UTILISÉ POUR LA PROSPECTION NE CONSTITUE QU'UNE PARTIE DU PRIX QUE VOUS PAYEZ POUR CES ACTIONS. CE MONTANT EST INDIQUÉ SUR LA PREMIÈRE PAGE DU PROSPECTUS.

ANNULATION
VOUS N'ÊTES PAS TENDU D'ACHETER CES ACTIONS. SI VOUS AVEZ DÉJÀ ACHETÉ OU CONVENU D'ACHETER DES ACTIONS, VOUS POUVEZ ANNULER CET ACHAT EN ENVOYANT OU EN REMETTANT UN AVIS D'ANNULATION AU COURTIER QUI VOUS A VENDU LESDITES ACTIONS. CET AVIS DOIT ÊTRE REÇU PAR LE COURTIER AU PLUS TARD À MINUIT, LE SURLENDEMAIN DU JOUR OÙ VOUS AVEZ REÇU LE PROSPECTUS D'ACCOMPAGNEMENT (EXCLUSION FAITE DES DIMANCHES ET JOUR FÉRIÉS).