

Banro Corporation
Consolidated Financial Statements
March 31, 2003
(Expressed in U.S. dollars)

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Banro Corporation
Consolidated Balance Sheets
(Expressed in U.S. dollars)

	March 31, 2003 (unaudited)	December 31, 2002
Assets		
Current		
Cash	\$ 1,275,309	\$ 1,228,005
Accounts receivable and other assets	20,220	40,571
Amounts due from related parties	414,058	317,108
	1,709,587	1,585,684
Notes receivable	208,000	208,000
Investment	946,287	930,673
Property, plant and equipment	100,828	111,619
	\$ 2,964,702	\$ 2,835,976
Liabilities and Shareholders' Equity		
Current		
Accounts Payable	\$ 30,044	\$ 80,902
Amount due to related party	-	4,912
	30,044	85,814
Shareholders' Equity		
Share capital	39,173,793	39,173,793
Stock options	36,575	29,816
Deficit	(36,275,710)	(36,453,447)
	2,934,658	2,750,162
	\$ 2,964,702	\$ 2,835,976

Banro Corporation
Consolidated Statements of Operations and Deficit
Three Months ended March 31, 2003 and 2002
(Expressed in U.S. dollars)

	2003	2002
Expenses		
Professional fees	\$ 34,085	\$ 59,645
Consulting fees	58,873	67,036
Office and sundry	29,508	28,135
Salary	66,655	15,324
Travel and promotion	38,591	21,601
Shareholder relations	5,352	13,941
Management fees	1,999	1,999
Interest and bank charges	824	477
Amortization	10,791	12,951
Foreign exchange loss	(138,845)	7,497
	<u>(107,833)</u>	<u>(228,606)</u>
Interest income	5,607	37
	<u>(102,226)</u>	<u>(228,569)</u>
Loss from operations	(102,226)	(228,569)
Equity share of loss of BRC Development	(19,093)	(9,484)
Miscellaneous income earned	299,056	-
	<u>177,737</u>	<u>(238,053)</u>
Net earnings (loss) for the period	177,737	(238,053)
Deficit, beginning of the period	(36,453,447)	(35,047,729)
	<u>\$ (36,275,710)</u>	<u>\$ (35,285,782)</u>
Deficit, end of the period	\$ (36,275,710)	\$ (35,285,782)
Earnings (loss) per share	\$ 0.01	\$ (0.03)

Banro Corporation
Consolidated Statements of Cash Flows
Three Months ended March 31, 2003 and 2002
(Expressed in U.S. dollars)

	2003	2002
Cash provided by (used in)		
Operating activities		
Net earnings (loss) for the period	\$ 177,737	\$ (238,053)
Adjustments to reconcile loss to net cash		
Provided by operating activities		
Equity loss	19,093	9,484
Value of options issued	6,759	-
Amortization	10,791	12,951
Changes in non-cash working capital balances		
Accounts receivable	20,351	3,734
Accounts payable	(50,858)	(233,872)
	183,873	(445,756)
Investing activities		
Advances to BRC Development	(34,707)	-
	(34,707)	-
Financing activities		
Due to/from related parties	(101,862)	(9,313)
Common shares and warrants issued for cash	-	566,581
	(101,862)	557,268
Net increase (decrease) in cash during the period	47,304	111,512
Cash, beginning of the period	1,228,005	14,537
Cash, end of the period	\$ 1,275,309	\$ 126,049

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

March 31, 2003

Nature of Business

Banro Corporation's (the "Company") business focus is in the exploration and development of mineral properties in the Democratic Republic of the Congo (the "Congo").

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiary in the United States, Banro American Resources Inc., and its 93% owned subsidiary, société Aurifère du Kivu et du Maniema S.A.R.L. (Sakima), in the Congo. The Congolese government holds the remaining 7% ownership interest of Sakima.

Investments

Investments in companies subject to significant influence are accounted for using the equity method. Other long-term investments are accounted for using the cost method.

Property, plant and equipment

Property plant and equipment is recorded at cost. Amortization is recorded as follows:

Office furniture and fixtures	20% declining balance basis
Office equipment	Straight line over four years
Leasehold improvements	Straight line over five years

Foreign Currency Translation

These consolidated financial statements are expressed in United States dollars. For integrated operations, monetary assets and liabilities are translated at the spot rates of exchange in effect at the end of the year; non-monetary items are translated at historical exchange rates in effect on the dates of the transactions. Revenues and expense items, except amortization, are translated at average rates of exchange in effect during the year. Realized exchange gains and losses and currency translation adjustments are included in the consolidated statements of operations and deficit.

For the self-sustaining operation, all assets and liabilities are translated at spot rates of exchange and revenue and expense items are translated at historical exchange rates in effect on the dates of the transactions. Currency translation adjustments are disclosed as a separate component of shareholders' equity. There was no cumulative translation adjustment at year-end. Realized exchange gains and losses are included in the consolidated statements of operations.

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

March 31, 2003

Deferred Exploration Expenditures

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

Stock Options

The Company has one stock option plan, which is described in Note 6(d). The Company has elected to follow the intrinsic method of accounting for stock options granted to directors, officers and employees whereby no compensation expense is recorded in the financial statements. Any consideration paid by directors, officers and employees on exercise of stock options or purchases of shares is credited to share capital. However, additional disclosure of the effects of accounting for stock-based compensation to directors, officers and employees as compensation expense, using the fair value method, is disclosed as pro-forma information. Compensation expense on stock options granted to non-employees is recorded as an expense in the period the options are vested using the fair value method.

Financial Instruments

Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Income Taxes

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

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

March 31, 2003

Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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

March 31, 2003

1. Interest in Sakima

On July 31, 1998 the Company discovered that the government of the Congo, without prior warning or consultation, had issued Presidential decrees to, among other things, (a) dissolve Sakima and (b) terminate the Company's mining convention relating to the Company's mineral properties. The Company disputes the validity of the Congolese government actions and is vigorously pursuing resolution of the disputes through legal procedures.

On April 19, 2002 the government of the Congo formally signed a settlement agreement with the Company. The agreement calls for, among other things, the Company to hold 100% interest in the Twangiza, Kamituga, Lugushwa and Namoya gold deposits under a revived 30-year mining convention. The government of the Congo retains 100% of the tin assets. Subsequent to the signing of the settlement agreement the Company filed with the Federal Court in Washington, DC, a notice of dismissal with respect to its legal action against the Congolese government.

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

The major components relating to Sakima included in the consolidated balance sheet are as follows:

	<u>03/31/2003</u>	<u>12/31/2002</u>
Current assets	\$ 2,916	\$ 34,031
Net assets	<u>\$ 2,916</u>	<u>\$ 34,031</u>

2. Note Receivable

The note, receivable from a shareholder of the Company, is secured by a pledge of marketable securities with a market value at March 31, 2003 of \$67,433 and bears interest at 4% per annum. The principal and interest accrued thereon is due on November 30, 2004.

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

March 31, 2003

3. Investment

The Company owns 3,500,000 common shares, representing 41.54% equity interest, in BRC Development Corporation (BRC) with a quoted market value of approximately \$358,678 at March 31, 2003 (December 31, 2002 - \$333,000). On November 29, 2002 the Company acquired, by way of private placement 1,500,000 common shares of BRC at a price of Cdn. \$0.20 per share.

BRC is a corporation formed under the laws of the Province of Ontario whose principal business is the acquisition and exploration of mineral properties in Canada.

The Company's investment in BRC is summarized as follows:

	03/ 31/ 2003	12/ 31/ 2002
Equity Investment, beginning of period	\$ 502,968	\$ 367,024
Acquisitions	-	192,765
	502,968	559,789
Share of equity loss	(19,093)	(56,821)
	483,875	502,968
Equity investment, end of period	483,875	502,968
Amount due from BRC	462,412	427,705
	\$ 946,287	\$ 930,673

The amount due from BRC is unsecured, non-interest bearing and is due on demand.

Subsequent to the period end, on May 6, 2003 the Company received full payment of the \$462,412 advance outstanding at March 31, 2003 from BRC Development Corporation.

4. Property, Plant and Equipment

March 31, 2003

	Cost	Accumulated Amortization	Net Book Value
Office furniture and fixtures	\$ 18,254	\$ 11,149	\$ 7,105
Office equipment	103,019	62,169	40,850
Leasehold improvement	105,746	52,873	52,873
	\$ 227,019	\$ 126,191	\$ 100,828
	\$ 227,019	\$ 126,191	\$ 100,828

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

March 31, 2003

4. Property, Plant and Equipment - (continued)

December 31, 2002

		Cost	Accumulated Amortization	Net Book Value
Office furniture and fixtures	\$	18,254	\$ 10,775	\$ 7,479
Office equipment		103,019	57,039	45,980
Leasehold improvement		105,746	47,586	58,160
	\$	227,019	\$ 115,400	\$ 111,619

5. Deferred Exploration Expenditures and Mineral Rights

	Cumulative from inception in April 1994
Deferred Exploration	
Exploration cost	\$ 16,158,080
Amortization	<u>30,851</u>
Net expenditure	16,188,931
Effect of exchange rate change	<u>2,511</u>
	16,191,442
Write-off	<u>(16,191,442)</u>
Balance – end of period	<u>\$ -</u>
 Mineral rights	
Mineral rights	\$ 9,681,194
Write-off	<u>(9,681,194)</u>
Balance – end of period	<u>\$ -</u>

Because of the events referred to in Note 1, the mineral rights and deferred exploration expenditures were written off in 2000. For the periods ended March 31, 2003 and December 31, 2002 the Company has not capitalized any costs related to the Congo mineral properties.

Banro Corporation
Notes to Consolidated Financial Statements
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March 31, 2003

6. Share Capital

(a) Authorized Share Capital

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

(b) Issued Share Capital- Common Shares

	March 31, 2003		December 31, 2002	
	Number of shares	Amount	Number of shares	Amount
Balance –				
Beginning of period	9,886,594	\$ 39,173,793	7,472,844	\$ 35,996,713
Exercise of stock options	-	-	38,750	22,710
Exercise of warrants	-	-	425,000	125,502
Issued during the year	-	-	1,950,000	3,028,868
Balance – End of period	9,886,594	\$ 39,173,793	9,886,594	\$ 39,173,793

- (i). On January 24, 2002, the Company issued by way of private placement 350,000 units of the Company at a price of Cdn. \$0.70 per unit for cash proceeds of Cdn. \$245,000 (US \$152,886). Each unit consists of one common share of the Company and one non-transferable warrant. Each such warrant entitles the holder thereof to purchase one common share of the Company at a price of Cdn. \$0.80 for a period of two years.
- (ii). On March 25, 2002, the Company completed a non-brokered arm's length private placement of 500,000 common shares of the Company at a price of Cdn. \$1.30 per share for cash proceeds of Cdn. \$650,000 (US \$408,703).
- (iii). On April 22, 2002, the Company completed a non-brokered arm's length private placement of 100,000 units of the Company at a price of Cdn. \$1.50 per unit for cash proceeds of Cdn. \$150,000 (US \$94,067). Each unit consists of one common share of the Company and one non-transferable warrant. Each such warrant entitles the holder thereof to purchase one common share of the Company at a price of Cdn. \$1.80 for a period of two years.
- (iv). On May 21, 2002, the Company completed a non-brokered arm's length private placement of 1,000,000 common shares of the Company at a price of Cdn. \$3.65 per share for cash proceeds of Cdn. \$3,650,000 (US \$2,373,212).

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March 31, 2003

6. Share Capital - (continued)

c) Warrants

The following table summarizes information about warrants outstanding and exercisable at March 31, 2003 and December 31, 2002

Date of grant	Number outstanding	Exercise price Cdn \$	Expiry date
12/13/01	400,000	\$0.70	12/13/03
01/24/02	350,000	\$0.80	01/24/04
04/22/02	100,000	\$1.80	04/22/04
	<u>850,000</u>		

d) Stock Options

In 2001, the Company established an incentive Stock Option Plan under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company.

Under this Stock Option Plan, options vest 25% immediately at grant date and 25% on each of the three consecutive six-month periods subsequent to the issuance. As at March 31, 2003 the Company had 744,250 stock options outstanding to acquire common shares at a weighted-average price of Cdn. \$0.82 per share, expiring at various dates between January 2004 and January 2007.

The following table summarizes information about stock options outstanding and exercisable at March 31, 2003:

Date of grant	Number outstanding at 12/31/02	Options granted during the period	Options Exercised, Expired or Forfeited	Options outstanding and exercisable		Exercise price Cdn \$	Expiry date
				Number outstanding at 03/31/03	Options Exercisable at 03/31/03		
01/31/01	396,250	-	-	396,250	396,250	\$ 0.60	01/31/04
01/31/01	30,000	-	-	30,000	30,000	1.00	01/31/04
10/12/01	40,000	-	-	40,000	30,000	0.60	10/12/04
01/08/02	223,000	-	-	223,000	111,500	0.80	01/08/07
04/03/02	25,000	-	-	25,000	12,500	1.70	04/03/04
04/26/02	30,000	-	-	30,000	15,000	3.30	04/26/04
	<u>744,250</u>	-	-	<u>744,250</u>	<u>595,250</u>		

Banro Corporation
Notes to Consolidated Financial Statements
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March 31, 2003

6. Share Capital - (continued)

(d) Stock Options - (continued)

2002

The weighted average grant-date fair value of 178,000 stock options granted to employees, directors and officers during 2002 was \$58,822. No compensation cost was recognized in the income statement for these stock options. Had the fair value of these options been expensed, the loss for the year would be \$1,464,540 and the loss per share would be \$0.16.

During 2002, the Company issued a total of 110,000 stock options to consultants and other service providers, of which 10,000 were exercised on January 26, 2002 and 45,000 were exercisable as at December 31, 2002. The weighted average grant-date fair value of these vested stock options was \$33,705. This amount was recognized in the income statement as an expense and was credited accordingly to contributed surplus in the balance sheet.

2003

As at March 31, 2003, the weighted average grant-date fair value of 42,000 vested stock options previously granted to employees, directors and officers was \$17,469. No compensation cost was recognized in the income statement for these stock options. Had the fair value of these options been expensed, net earnings for the period would be \$160,268 and earnings per share would be \$0.01.

During the first quarter of 2003, a total of 16,250 stock options previously issued to consultants and other service providers vested. The weighted average grant-date fair value of these vested stock options was \$6,759. This amount was recognized in the income statement as an expense and was credited accordingly to contributed surplus in the balance sheet.

The Black-Scholes option-pricing model was used to estimate values of all stock options granted during the year based on the following weighted average information:

- (i) risk-free interest rate: 2.54%
- (ii) expected volatility: 124%
- (iii) expected life: 4.38 years
- (iv) expected dividends: \$Nil

(e) Earnings (loss) per Share

Earnings (loss) per share was calculated on the basis of the weighted average number of common shares outstanding for the period ended March 31, 2003, amounting to 9,886,594 (2002 – 7,886,844) common shares.

Fully diluted earnings (loss) per share has not been presented since the exercise of the options and warrants would be anti-dilutive.

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(Expressed in U.S. dollars)

March 31, 2003

7. Related party transactions

Due from related parties

The amounts primarily represent advances of \$305,084 (2002 - \$215,725) due from affiliated companies and advances of \$108,974 to employees of the Corporation.

All these amounts due from related parties are unsecured, non-interest-bearing and repayable upon demand.

Other transactions

During the quarter ended March 31, 2003, a corporation wholly-owned by a director of the Company incurred office and general expenses on behalf of the Company and two other affiliated corporations. The Company's share of these expenses amounted to \$23,623.

8. Comparative amounts

Certain of prior year's amounts have been reclassified to conform to current period's presentation.