

Banro Corporation
Consolidated Financial Statements
June 30, 2003
(Expressed in U.S. dollars)

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Contents

Consolidated Financial Statements

| | |
|--------------------------------------------|-------|
| Balance Sheets | 1 |
| Statements of Operations and Deficit | 2 |
| Statements of Cash Flows | 3 |
| Summary of Significant Accounting Policies | 4 - 6 |
| Notes to Financial Statements | 7 -13 |

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

| | June 30, 2003 (unaudited) | December 31, 2002 |
|---------------------------------------------|------------------------------|----------------------|
| Assets | | |
| Current | | |
| Cash | \$ 1,217,057 | \$ 1,228,005 |
| Accounts receivable and other assets | 40,000 | 40,571 |
| Amounts due from related parties | 675,165 | 317,108 |
| | 1,932,222 | 1,585,684 |
| Notes receivable | 208,000 | 208,000 |
| Investment | 483,457 | 930,673 |
| Property, plant and equipment | 93,677 | 111,619 |
| | \$ 2,717,356 | \$ 2,835,976 |
| Liabilities and Shareholders' Equity | | |
| Current | | |
| Accounts Payable | \$ 16,151 | \$ 80,902 |
| Amount due to related party | - | 4,912 |
| | 16,151 | 85,814 |
| Shareholders' Equity | | |
| Share capital | 39,173,793 | 39,173,793 |
| Stock options | 48,393 | 29,816 |
| Deficit | (36,520,981) | (36,453,447) |
| | 2,701,205 | 2,750,162 |
| | \$ 2,717,356 | \$ 2,835,976 |

Banro Corporation
Consolidated Statements of Operations and Deficit
(Expressed in U.S. dollars)

| | Three Months ended | | Six Months ended | |
|-------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | June 30 | | June 30 | |
| | 2003 | 2002 | 2003 | 2002 |
| Expenses | | | | |
| Professional fees | \$ 34,171 | \$ 49,271 | \$ 68,256 | \$ 108,916 |
| Consulting fees | 118,788 | 67,298 | 177,661 | 134,334 |
| Office and sundry | 35,753 | 67,241 | 65,261 | 67,241 |
| Salary | 61,359 | 39,106 | 128,014 | 33,416 |
| Travel and promotion | 40,887 | 89,534 | 79,478 | 111,135 |
| Shareholder relations | 9,002 | 19,153 | 14,354 | 33,094 |
| Management fees | 25,667 | 1,049 | 27,666 | 3,048 |
| Interest and bank charges | 1,119 | 370 | 1,943 | 847 |
| Amortization | 11,013 | 13,478 | 21,804 | 26,429 |
| Foreign exchange loss | (135,998) | (44,957) | (274,843) | (37,460) |
| | <u>(201,761)</u> | <u>(252,394)</u> | <u>(309,594)</u> | <u>(481,000)</u> |
| Interest income | 7,320 | 3,837 | 12,927 | 3,874 |
| Loss from operations | (194,441) | (248,557) | (296,667) | (477,126) |
| Equity share of loss of BRC | (50,830) | (12,995) | (69,923) | (22,479) |
| Miscellaneous income earned | - | - | 299,056 | - |
| Net earnings (loss) for the period | (245,271) | (261,552) | (67,534) | (499,605) |
| Deficit, beginning of the period | (36,275,710) | (35,285,782) | (36,453,447) | (35,047,729) |
| Deficit, end of the period | \$(36,520,981) | \$(35,547,334) | \$(36,520,981) | \$(35,285,782) |
| Earnings (loss) per share | \$ (0.02) | \$ (0.03) | \$ (0.01) | \$ (0.03) |

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

| | Three Months ended | | Six Months ended | |
|----------------------------------------------------------|--------------------|-------------|--------------------|-------------|
| | June 30 | | June 30 | |
| | 2003 | 2002 | 2003 | 2002 |
| Cash provided by (used in) | | | | |
| Operating activities | | | | |
| Net earnings (loss) for the period | \$(245,271) | \$(261,552) | \$ (67,534) | \$(499,605) |
| Adjustments to reconcile loss to net cash | | | | |
| Provided by operating activities | | | | |
| Equity loss | 50,830 | 12,995 | 69,923 | 22,479 |
| Value of options issued | 11,818 | - | 18,577 | - |
| Amortization | 11,013 | 13,478 | 21,804 | 26,429 |
| Changes in non-cash working capital | | | | |
| Accounts receivable | (19,780) | (2,019) | 571 | 1,715 |
| Accounts payable | (13,893) | (111,603) | (64,751) | (345,475) |
| | (205,283) | (348,701) | (21,410) | (794,457) |
| Investing activities | | | | |
| Capital Assets | (3,862) | (11,326) | (3,862) | (11,326) |
| Advances to BRC Development | 412,000 | - | 377,293 | - |
| | 408,138 | (11,326) | 373,431 | (11,326) |
| Financing activities | | | | |
| Due to/from related parties | (261,107) | (196,375) | (362,969) | (205,688) |
| Common shares and warrants issued for | - | 2,601,520 | - | 3,168,101 |
| | (261,107) | 2,405,145 | (362,969) | 2,962,413 |
| Net increase (decrease) in cash during the period | (58,252) | 2,045,118 | (10,948) | 2,156,630 |
| Cash, beginning of the period | 1,275,309 | 126,049 | 1,228,005 | 14,537 |
| Cash, end of the period | \$1,217,057 | \$2,171,167 | \$1,217,057 | \$2,171,167 |

Banro Corporation

Summary of Significant Accounting Policies

(Expressed in U.S. dollars)

June 30, 2003

Nature of Business

Banro Corporation's (the "Company") business focus is in the exploration 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)

June 30, 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)

June 30, 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)

June 30, 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 has disputed the validity of the Congolese government actions and has vigorously pursued 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.

On May 30, 2003 the government of the Congo issued Presidential decrees to rescind the July 31, 1998 decrees and to amend the Company's mining convention in accordance with the settlement agreement signed on April 19, 2002.

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>06/30/2003</u> | <u>12/31/2002</u> |
|----------------|-------------------|-------------------|
| Current assets | <u>\$ 4,190</u> | <u>\$ 34,031</u> |
| Net assets | <u>\$ 4,190</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 June 30, 2003 of \$112,389 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)

June 30, 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 \$511,910 at June 30, 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:

| | 06/ 30/ 2003 | 12/ 31/ 2002 |
|----------------------------------------|---------------------|---------------------|
| Equity Investment, beginning of period | \$ 502,968 | \$ 367,024 |
| Acquisitions | - | 192,765 |
| | 502,968 | 559,789 |
| Share of equity loss | (69,923) | (56,821) |
| | 433,045 | 502,968 |
| Equity investment, end of period | 433,045 | 502,968 |
| Amount due from BRC | 50,412 | 427,705 |
| | \$ 483,457 | \$ 930,673 |

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

4. Property, Plant and Equipment

June 30, 2003

| | Cost | Accumulated Amortization | Net Book Value |
|-------------------------------|-------------------|-------------------------------------|-----------------------|
| Office furniture and fixtures | \$ 18,254 | \$ 11,504 | \$ 6,750 |
| Office equipment | 106,880 | 67,539 | 39,341 |
| Leasehold improvement | 105,746 | 58,160 | 47,586 |
| | \$ 230,880 | \$ 137,203 | \$ 93,677 |
| | \$ 230,880 | \$ 137,203 | \$ 93,677 |

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

June 30, 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 June 30, 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
(Expressed in U.S. dollars)

June 30, 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

| | June 30, 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).

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

June 30, 2003

6. Share Capital - (continued)

c) Warrants

The following table summarizes information about warrants outstanding and exercisable at June 30, 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 June 30, 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 June 30, 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 06/30/03 | Options Exercisable at 06/30/03 | | |
| 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 | 40,000 | 0.60 | 10/12/04 |
| 01/08/02 | 223,000 | - | - | 223,000 | 167,250 | 0.80 | 01/08/07 |
| 04/03/02 | 25,000 | - | - | 25,000 | 18,750 | 1.70 | 04/03/04 |
| 04/26/02 | 30,000 | - | - | 30,000 | 22,500 | 3.30 | 04/26/04 |
| | <u>744,250</u> | - | - | <u>744,250</u> | <u>674,750</u> | | |

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

June 30, 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 June 30, 2003, the weighted average grant-date fair value of 53,250 vested stock options previously granted to employees, directors and officers was \$21,679. No compensation cost was recognized in the income statement for these stock options. Had the fair value of these options been expensed, net loss for the period would be \$89,213 and loss per share would be \$0.01.

As at June 30, 2003, a total of 32,500 stock options previously issued to consultants and other service providers vested. The weighted average grant-date fair value of these vested stock options was \$18,577. 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 June 30, 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.

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

June 30, 2003

7. Related party transactions

Due from related parties

The amounts primarily represent advances of \$558,193 (2002 - \$215,725) due from affiliated companies and advances of \$116,972 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 June 30, 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 \$47,003.

8. Comparative amounts

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