

Banro Corporation
Consolidated Financial Statements
March 31, 2004
(Expressed in U.S. dollars)

NOTICE TO READER

These interim consolidated financial statements of Banro Corporation as at and for the three month period ended March 31, 2004 have been prepared by management of Banro Corporation. The auditors of Banro Corporation have not audited or reviewed these interim consolidated financial statements.

Banro Corporation
Consolidated Financial Statements
March 31, 2004
(Expressed in U.S. dollars)

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

	March 31, 2004	December 31,
	(unaudited)	2003
Assets		
Current		
Cash	\$ 12,135,618	\$ 938,930
Accounts receivable and prepaid expenses	87,509	12,495
Amounts due from related parties (Note 7)	50,025	50,596
	12,273,152	1,002,021
Note receivable (Note 2)	216,320	216,320
Investments (Note 3)	1,004,158	1,014,939
Property, plant and equipment (Note 4)	126,879	142,456
Deferred exploration expenditures (Note 5)	489,097	322,690
	\$ 14,109,606	\$ 2,698,426
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Liabilities and Shareholders' Equity		
Current		
Accounts payable	\$ 104,406	\$ 40,953
	104,406	40,953
Shareholders' equity		
Share capital (Note 6)	51,181,286	39,469,888
Contributed surplus (Note 6)	906,689	502,014
Deficit	(38,082,775)	(37,314,429)
	14,005,200	2,657,473
	\$ 14,109,606	\$ 2,698,426
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Banro Corporation
Consolidated Statements of Operations and Deficit
(Expressed in U.S. dollars)
(Unaudited)

For the Three Months ended March 31	2004	2003
Expenses		
Professional fees	\$ 28,954	\$ 34,085
Consulting fees	759	58,873
Office and sundry	75,150	29,508
Salary	94,481	66,655
Employee stock-based compensation	404,675	-
Travel and promotion	118,264	38,591
Shareholder relations	12,294	5,352
Management fees	-	1,999
Interest and bank charges	982	824
Amortization	11,026	10,791
Foreign exchange loss (gain)	16,232	(138,845)
	<u>(762,817)</u>	<u>(107,833)</u>
Interest income	5,252	5,607
	<u>(757,565)</u>	<u>(102,226)</u>
Loss from operations		
Share of equity loss of BRC Development	(10,781)	(19,093)
Recovery of legal fees from lawsuit	-	299,056
	<u>(768,346)</u>	<u>177,737</u>
Net Income (loss) for the period		
Deficit, beginning of period	(37,314,429)	(36,453,477)
	<u>\$ (38,082,775)</u>	<u>\$(36,275,710)</u>
Deficit, end of period		
Loss per share (Note 6(e))	\$ (0.07)	\$ 0.01

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

For the Three Months ended March 31	2004	2003
Cash provided by (used in)		
Operating activities		
Net Income (loss) for the period	\$ (768,346)	\$ 177,737
Adjustments to reconcile loss to net cash provided by operating activities		
Share of equity loss	10,781	19,093
Value of options issued (Note 6(d))	404,675	6,759
Amortization	15,576	10,791
Changes in non-cash working capital balances		
Accounts receivable and prepaid expenses	(75,014)	20,351
Accounts payable	63,454	(50,858)
	(348,874)	183,873
Investing activities		
Proceeds on amount due from BRC Development	-	(34,707)
Deferred exploration expenditures	(166,407)	-
	(166,407)	(34,707)
Financing activities		
Due to/from related parties	571	(101,862)
Common shares issued for cash	11,711,398	-
	11,711,969	(101,862)
Net increase (decrease) in cash during the period	11,196,688	47,304
Cash, beginning of period	938,930	1,228,005
Cash, end of period	\$ 12,135,618	\$ 1,275,309

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

(Unaudited)

March 31, 2004

Nature of Business	Banro Corporation's (the "Company") business focus is the exploration of mineral properties in the Democratic Republic of the Congo (the "Congo").
Principles of Consolidation	<p>The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiary in the United States, Banro American Resources Inc., and its wholly-owned subsidiaries, Banro Congo Mining SARL, Kamituga Mining SARL, Lugushwa Mining SARL, Namoya Mining SARL and Twangiza Mining SARL, in the Congo.</p> <p>Up to September 30, 2003, the consolidated financial statements also included the accounts of its 93% owned subsidiary, Société Aurifère du Kivu et du Maniema S.A.R.L. ("Sakima"), in the Congo. The Congolese government held the remaining 7% ownership interest of Sakima (Note 1).</p>
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	<p>Property, plant and equipment is recorded at cost. Amortization is recorded as follows:</p> <p>Office furniture and fixtures - 20% declining balance basis Office equipment - Straight line over four years Vehicles - Straight line over four years Leasehold improvements - Straight line over five years</p>
Foreign Currency Translation	These consolidated financial statements are expressed in the functional currency of the Company, 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.

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

(Unaudited)

March 31, 2004

**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 a stock option plan, which is described in Note 6(d). During the year the Company adopted, on a prospective basis, the fair value method of accounting for stock options granted to directors, officers and employees whereby the weighted average fair value of options granted is recorded as a compensation expense in the financial statements. Compensation expense on stock options granted to non-employees is recorded as an expense in the period the options are vested using the fair value method. Any consideration paid by directors, officers, employees and consultants on exercise of stock options or purchases of shares is credited to share capital.

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 its financial instruments. The fair values of its 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.

Use of Estimates

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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

March 31, 2004

1. Interest in Congolese Subsidiaries

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

On April 18, 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 will retain 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 18, 2002.

On September 30, 2003, the Company wound up the operations of Sakima and will transfer all its shares in Sakima to the government of Congo in accordance with the April 18, 2002 settlement agreement after Sakima's title in the gold deposits is transferred to the Company's new wholly-owned subsidiaries.

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.

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, 2004 of \$132,619 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)
(Unaudited)

March 31, 2004

3. Investments

(a) Investment in Nevada Bob's International Inc.

Effective December 31, 2003, the Company entered into an agreement with Nevada Bob's International Inc. (NBI), a franchisor of golf equipment and apparel, in order to purchase 941,255 common shares of NBI at a price of \$0.40 per share, or \$376,502 in the aggregate, in order to settle an outstanding debt of NBI to the Company of the equivalent amount. The quoted market value of the shares on March 31, 2004 was \$0.59 per share or \$555,340 in aggregate.

The investment represents 6.55% of outstanding common shares of NBI and is accounted for under the cost method, as management does not have the ability to exercise significant influence over NBI. This investment will continue to be carried at cost and will be written down only when there has been a loss in value which is other than temporary.

(b) Investment in BRC Development Corporation

On March 10, 2004, the Company completed a debt settlement transaction with BRC Development Corporation (BRC). Pursuant to this transaction, the Company purchased 244,032 common shares of BRC at a price of Cdn. \$1.35 per share, or Cdn. \$329,443 in aggregate, in order to settle an outstanding debt of the equivalent amount. The Company owns 3,744,032 common shares, representing a 41.88% (Dec. 31, 2003 – 40.30%) equity interest, in BRC with a quoted market value of approximately \$4,853,838 at March 31, 2004 (Dec. 31, 2003 - \$3,509,448).

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

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

	2004	2003
Equity investment, beginning of period	\$ 383,338	\$ 502,968
Acquisitions	254,099	-
	637,437	502,968
Share of equity loss	(10,781)	(116,731)
Loss on dilution of interest	-	(2,899)
	626,656	383,338
Equity investment, end of period	626,656	383,338
Amount due from BRC	1,000	255,099
	\$ 627,656	\$ 638,437

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

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

March 31, 2004

3. Investments (continued)

(b) Investment in BRC Development Corporation (continued)

BRC's summarized consolidated balance sheets and income statements as at and for the periods ended March 31, 2004 (unaudited) and December 31, 2003 (audited), converted to US \$ at the period end rate of exchange, is as follows:

	2004	2003
Assets		
Current assets	\$ 2,206	\$ 59,689
Investment	1,005,076	1,016,542
Mineral properties	361,268	358,309
Deferred pre-operating costs	17,365	17,340
Property, plant and equipment	48,642	57,879
	1,434,557	1,509,759
Liabilities		
	94,079	378,921
Net Equity		
	\$ 1,340,478	\$ 1,130,838
Income Statement		
Revenue	\$ -	\$ 2
Expenses	(25,739)	(340,649)
Write-off of mineral claims	-	(3,169)
	\$ (25,739)	\$ (343,816)

4. Property, Plant and Equipment

	Cost	Accumulated Amortization	Net Book Value
March 31, 2004			
Office furniture and fixtures	\$ 18,254	\$ 12,421	\$ 5,833
Office equipment	114,390	66,319	48,071
Vehicle	47,145	5,893	41,252
Leasehold improvement	105,746	74,022	31,724
	\$ 285,535	\$ 158,655	\$ 126,880

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

March 31, 2004

4. Property, Plant and Equipment (continued)

December 31, 2003	Cost	Accumulated Amortization	Net Book Value
Office furniture and fixtures	\$ 18,254	\$ 12,162	\$ 6,092
Office equipment	114,390	59,235	55,155
Vehicle	47,145	2,947	44,198
Leasehold improvement	105,746	68,735	37,011
	<u>\$ 285,535</u>	<u>\$ 143,079</u>	<u>\$ 142,456</u>

5. Deferred Exploration Expenditures

Deferred Exploration

	2004	Cumulative from inception in April 1994
Exploration cost	\$ 161,808	\$ 16,637,979
Amortization	4,599	40,049
Net expenditure	166,407	16,678,028
Effect of exchange rate change	-	2,511
	166,407	16,680,539
Write-off	-	(16,191,442)
Balance, end of period	\$ 166,407	\$ 489,097

Mineral rights

	2004	Cumulative from inception in April 1994
Mineral rights	\$ -	\$ 9,681,194
Write-off	-	(9,681,194)
Balance, end of period	\$ -	\$ -

Banro Corporation
Notes to Consolidated Financial Statements
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(Unaudited)

March 31, 2004

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, 2004		December 31, 2003	
	Number of Shares	Amount	Number of Shares	Amount
Balance –				
Beginning of period	10,427,844	\$ 39,469,888	9,886,594	\$ 39,173,793
Exercise of stock options	430,000	225,239	41,250	23,017
Exercise of warrants	250,000	153,763	500,000	273,078
Issued during the period	<u>2,000,000</u>	<u>11,332,396</u>	-	-
Balance – End of period	<u>13,107,844</u>	<u>\$ 51,181,286</u>	<u>10,427,844</u>	<u>\$ 39,469,888</u>

On March 30, 2004, the Company completed a private placement (the "Offering") of 2,000,000 common shares at Cdn. \$8.00 per share for gross proceeds of Cdn. \$16,000,000 (US\$ 11,979,203). The net proceeds of the financing will be used to advance the Company's projects in the Congo located within the Twangiza – Namoya gold belt and for general corporate purposes.

Kingsdale Capital Markets Inc. and Kingsdale Capital Partners Inc. (collectively, the "Agent") acted as the Company's agent in connection with the Offering. In consideration for its services, the Company paid to the Agent a cash fee equal to 6% of the gross proceeds of the Offering and issued to the Agent 120,000 broker warrants (the "Broker Warrants"). Each Broker Warrant entitles the holder thereof to purchase one common share of the Company at a price of \$8.00 per share for a period of one year.

(c) Warrants

The following table summarizes information about warrants outstanding and exercisable at March 31, 2004:

Date of Grant	Number Outstanding	Exercise price Cdn \$	Expiry Date
04/22/02	100,000	\$ 1.80	04/22/04
03/30/04	120,000	\$ 8.00	03/29/05
	<u>220,000</u>		

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

March 31, 2004

6. Share Capital (Continued)

(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 to a maximum of 2,600,000 common shares. As at March 31, 2004, the number of stock options still available to be granted under this Stock Option Plan was 638,500.

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, 2004, the Company had 1,451,500 stock options outstanding to acquire common shares at a weighted-average price of Cdn. \$5.04 per share, expiring at various dates between April 2004 and March 2009.

The following table summarizes information about stock options outstanding and exercisable at March 31, 2004:

Options outstanding and exercisable							
Date of grant	Number outstanding at 12/31/03	Options granted during the period	Options Exercised, Expired or Forfeited	Number outstanding at 03/31/04	Options Exercisable at 03/31/04	Exercise price Cdn \$	Expiry date
						\$	
01/31/01	375,000	-	375,000	-	-	0.60	01/31/04
01/31/01	20,000	-	20,000	-	-	1.00	01/31/04
10/12/01	40,000	-	10,000	30,000	30,000	0.60	10/12/04
01/08/02	183,000	-	-	183,000	183,000	0.80	01/08/07
04/03/02	25,000	-	25,000	-	-	1.70	04/03/04
04/26/02	10,000	-	-	10,000	10,000	3.30	04/26/04
10/16/03	168,500	-	-	168,500	42,125	4.00	10/16/08
10/16/03	60,000	-	-	60,000	15,000	4.00	10/16/06
10/29/03	100,000	-	-	100,000	25,000	4.11	10/29/08
10/29/03	100,000	-	-	100,000	25,000	4.11	10/29/06
01/21/04	-	400,000	-	400,000	100,000	6.00	01/21/09
02/03/04	-	50,000	-	50,000	12,500	6.00	02/03/09
02/17/04	-	150,000	-	150,000	37,500	7.00	02/17/09
03/16/04	-	200,000	-	200,000	50,000	8.20	03/16/09
	1,081,500	800,000	430,000	1,451,500	530,125		

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

March 31, 2004

6. Share Capital (Continued)

(d) Stock Options (continued)

2003

As at December 31, 2003, the weighted average grant-date fair value of 158,625 vested stock options granted to employees, directors and officers was \$378,724. This amount was recognized in the income statement as an expense and was credited accordingly to contributed surplus in the balance sheet.

During the year ended December 31, 2003, a total of 72,500 stock options previously issued to consultants and other service providers vested. The weighted average grant-date fair value of these vested stock options was \$93,474. This amount was recognized in the income statement as an expense and was credited accordingly to options in the balance sheet. During the year a total of 50,000 options previously granted to consultants were cancelled. Accordingly an amount of \$16,986 relating to these options was transferred to contributed surplus.

2004

During the quarter ended March 31, 2004, the Company recognized in the income statement as an expense \$404,675 representing the weighted average grant-date fair value of stock options granted to employees, directors and officers under the Company's stock option plan. This amount 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: 2.48% (2003 – 2.54%)
- (ii) expected volatility: 96.48% (2003 – 118%)
- (iii) expected life: 5 years (2003 – 3.74 years)
- (iv) expected dividends: \$Nil (2003 - \$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 quarter ended March 31, 2004, amounting to 10,807,263 (2003 – 9,886,594) common shares.

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

(f) Contributed Surplus

	March 31, 2004	December 31, 2003
Stock option compensation	\$ 906,689	\$ 502,014

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

March 31, 2004

7. Related Party Transactions

(a) Due from Related Parties

This amount represents advances of \$50,025 (Dec. 31, 2003 - \$50,596) due from an employee of the Company. This amount due is unsecured, non-interest-bearing and repayable upon demand.

(b) Other Transactions

Management fees of \$Nil (March 31, 2003 - \$1,999) were paid to directors of the Company.

Legal fees of \$132,466 (March 31, 2003 - \$10,015) were paid to a law firm of which two partners are also directors of the Company.

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

8. Segmented Reporting

The Company has one operating segment: the acquisition, exploration and development of precious metal projects located principally in the Congo.

Geographic segmentation of capital assets and deferred exploration costs is as follows:

	March 31, 2004	December 31, 2003
Congo – deferred exploration costs	\$ 489,097	\$ 322,690
Congo – capital assets	64,384	68,983
Canada – capital assets	62,495	73,473
	<u>\$ 615,976</u>	<u>\$ 465,146</u>

13. Comparative figures

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