

Banro Corporation
Consolidated Financial Statements
March 31, 2005
(Expressed in U.S. dollars)

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

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NOTICE TO READER

These interim consolidated financial statements of Banro Corporation as at and for the three month period ended March 31, 2005 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 Balance Sheets
(Expressed in U.S. dollars)

	March 31, 2005	December 31,
	(unaudited)	2004
Assets		
Current		
Cash	\$ 7,570,753	\$ 9,057,197
Prepaid expenses and deposits	536,403	22,169
	8,107,156	9,079,366
Investments (Note 2)	220,410	289,011
Property, plant and equipment (Note 3)	622,750	595,714
Deferred exploration expenditures (Note 4)	3,683,805	2,697,131
	\$ 12,634,121	\$ 12,661,222
Liabilities and Shareholders' Equity		
Current		
Accounts payable	\$ 143,039	\$ 208,826
	143,039	208,826
Shareholders' equity		
Share capital (Note 5)	52,224,801	51,079,128
Contributed surplus (Note 5)	3,428,431	3,337,077
Deficit	(43,162,150)	(41,963,809)
	12,491,082	12,452,396
	\$ 12,634,121	\$ 12,661,222

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

For the Three Months ended March 31	2005	2004
Expenses		
Professional fees	\$ 96,863	\$ 28,954
Consulting fees	75,315	759
Office and sundry	211,201	75,150
Salary	257,347	94,481
Employee stock-based compensation	213,911	404,675
Travel	192,196	118,264
Shareholder relations and promotion	71,608	12,294
Management fees	6,000	-
Interest and bank charges	2,790	982
Amortization	11,096	11,026
Foreign exchange loss (gain)	17,816	16,232
	(1,156,143)	(762,817)
Interest income	26,402	5,252
Loss from operations	(1,129,741)	(757,565)
Share of equity loss of BRC Diamond	(68,600)	(10,781)
Net Income (loss) for the period	(1,198,341)	(768,346)
Deficit, beginning of period	(41,963,809)	(37,314,429)
Deficit, end of period	\$ (43,162,150)	\$ (38,082,775)
Loss per share (Note 5(d))	\$ (0.04)	\$ (0.04)

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

For the Three Months ended March 31	2005	2004
Cash provided by (used in)		
Operating activities		
Net Income (loss) for the period	\$ (1,198,341)	\$ (768,346)
Adjustments to reconcile loss to net cash provided by operating activities		
Share of equity loss	68,600	10,781
Value of options issued (Note 5(c))	285,387	404,675
Amortization	11,096	15,576
Changes in non-cash working capital balances		
Accounts receivable and prepaid expenses	(514,234)	(75,014)
Accounts payable	(65,787)	63,454
	(1,413,279)	(348,874)
Investing activities		
Acquisition of capital assets	(80,604)	-
Deferred exploration expenditures	(878,444)	(166,407)
	(959,048)	(166,407)
Financing activities		
Due to/from related parties	-	571
Common shares issued for cash	885,883	11,711,398
	885,883	11,711,969
Net increase (decrease) in cash during the period	(1,486,444)	11,196,688
Cash, beginning of period	9,057,197	938,930
Cash, end of period	\$ 7,570,753	\$ 12,135,618

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

March 31, 2005

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"). The Company was continued under the *Canada Business Corporations Act* on April 2, 2004. The Company was previously governed by the Ontario *Business Corporations Act*.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries in Canada, Delrand Resources Inc and Loncor Resources Inc, its wholly-owned subsidiary in the United States, Banro American Resources Inc., and its wholly-owned subsidiaries in the Congo, Banro Congo Mining SARL, Kamituga Mining SARL, Lugushwa Mining SARL, Namoya Mining SARL, Twangiza Mining SARL and Loncor Resources Congo SPRL.

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 less accumulated amortization. Amortization is recorded as follows:

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

Asset Impairment

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

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

March 31, 2005

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.

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 5(c). The Company uses 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 at the earlier of the completion of performance and the date 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.

Asset Retirement Obligations

Effective 1 January 2004, the Company adopted the CICA Handbook Section 3110 "Asset Retirement Obligations", which established standards for asset retirement obligations and the associated retirement costs related to reclamation and abandonment. The fair value of the liability of an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value.

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

March 31, 2005

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 assets are offset by valuation allowances to the extent that they are not more likely than 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
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(unaudited)

March 31, 2005

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 the Company's Congolese subsidiary, Société Aurifère du Kivu et du Maniema ("**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 a 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 18, 2002.

On September 30, 2003, the Company wound up the operations of Sakima and transferred all its shares in Sakima to the government of the Congo in accordance with the April 18, 2002 settlement agreement after Sakima's title in the gold deposits was 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. Investments

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

The investment in Nevada Bob's International Inc. (NBI), a franchisor of golf equipment and apparel, represents 6.05% of the 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. The investment was written down to its market value at December 31, 2004. The quoted market value of the shares on March 31, 2005 was \$0.17 per share or \$160,013 in the aggregate (December 31, 2004 - \$150,601).

Banro Corporation
Notes to Consolidated Financial Statements
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March 31, 2005

2. Investments (continued)

(b) Investment in BRC Diamond Corporation

On March 10, 2004, the Company completed a debt settlement transaction with BRC Diamond Corporation (formerly BRC Development Corporation) ("BRC"). Pursuant to this transaction, the Company received 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 BRC to the Company of the equivalent amount. The Company owns 3,744,032 common shares, representing a 39.56% (December 31, 2004 – 39.67%) equity interest, in BRC with a quoted market value of approximately \$6,964,180 at March 31, 2005 (December 31, 2004 - \$7,007,985).

Effective August 11, 2004, BRC was continued under the *Canada Business Corporations Act* (BRC was formerly governed by the Ontario *Business Corporations Act*) and changed its name from BRC Development Corporation. The principal business of BRC is the acquisition and exploration of mineral properties.

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

	March 31, 2005	December 31, 2004
Equity investment, beginning of period	\$ 130,052	\$ 383,338
Shares received on debt settlement	-	254,099
	130,052	637,437
Share of equity loss	(68,600)	(505,153)
Loss on dilution of interest	-	(2,232)
	61,452	130,052
Equity investment, end of period	8,357	8,358
Amount due from BRC	61,452	130,052
	\$ 69,809	\$ 138,410

Banro Corporation
Notes to Consolidated Financial Statements
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(unaudited)

March 31, 2005

2. Investments (continued)

(b) Investment in BRC Diamond Corporation (continued)

BRC's summarized consolidated balance sheets and income statements as at and for the periods ended March 31, 2005 (unaudited) and December 31, 2004 (audited), converted to US \$ at the period end rate of exchange, is as follows:

	<u>2005</u>	<u>2004</u>
Assets		
Current assets	\$ 119,798	\$ 96,111
Investment	76,052	133,681
Mineral properties	848,273	434,781
Property, plant and equipment	118,032	40,205
	<u>1,160,155</u>	<u>704,778</u>
Liabilities		
	<u>801,678</u>	<u>256,497</u>
Net Equity		
	<u>\$ 358,477</u>	<u>\$ 448,281</u>

	<u>2005</u>	<u>2004</u>
Income Statement		
Interest income	\$ 7	\$ -
Expenses	(173,412)	(25,739)
Net Loss		
	<u>\$ (173,405)</u>	<u>\$ (25,739)</u>

3. Property, Plant and Equipment

March 31, 2005	Cost	Accumulated Amortization	Net Book Value
Office furniture and fixtures	\$ 31,099	\$ 14,781	\$ 16,318
Office equipment	277,978	116,389	161,589
Vehicle	308,852	62,374	246,478
Communication equipment	32,347	5,777	26,570
Field camps	97,135	13,676	83,459
Surveying equipment	24,012	4,502	19,510
Leasehold improvement	114,093	95,693	18,400
Geochemistry	52,627	3,289	49,338
Field equipment	1,161	73	1,088
	<u>\$ 939,304</u>	<u>\$ 316,554</u>	<u>\$ 622,750</u>

Banro Corporation
Notes to Consolidated Financial Statements
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(unaudited)

March 31, 2005

3. Property, Plant and Equipment (continued)

December 31, 2004	Cost	Accumulated Amortization	Net Book Value
Office furniture and fixtures	\$ 30,839	\$ 13,922	\$ 16,917
Office equipment	270,768	102,305	168,463
Vehicle	308,852	42,477	266,375
Communication equipment	32,347	3,755	28,592
Field camps	86,100	7,605	78,495
Surveying equipment	24,012	3,002	21,010
Leasehold improvement	105,746	89,884	15,862
	\$ 858,664	\$ 262,950	\$ 595,714

4. Deferred Exploration Expenditures

Deferred Exploration

	Three month-period ended March 31, 2005	Year ended December 31, 2004	Cumulative from inception in April 1994 to March 31, 2005
Exploration cost	\$ 878,444	\$ 1,921,718	\$ 19,276,333
Stock option compensation expense	65,587	380,212	445,799
Amortization of plant and equipment	42,643	72,511	150,604
Net expenditure	986,674	2,374,441	19,872,736
Effect of exchange rate change	-	-	2,511
	986,674	2,374,441	19,875,247
Write-off	-	-	(16,191,442)
	\$ 986,674	\$ 2,374,441	\$ 3,683,805

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March 31, 2005

4. Deferred Exploration Expenditures (continued)

Mineral rights

	Three month- period ended March 31, 2005	Year ended December 31, 2004	Cumulative from inception in April 1994 to March 31, 2005
Mineral rights	\$ -	\$ -	\$ 9,681,194
Write-off	-	-	(9,681,194)
	\$ -	\$ -	\$ -

Because of the events referred to in Note 1, the mineral rights and deferred exploration expenditures, previously deferred, were written off in 2000.

5. 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

	Number of Shares	Amount
December 31, 2002	9,886,594	39,173,793
Exercise of stock options	41,250	23,017
Exercise of warrants	500,000	273,078
December 31, 2003	10,427,844	39,469,888
Exercise of stock options	505,000	286,024
Exercise of warrants	350,000	286,048
Issued during the year	2,000,000	11,037,168
Stock split	13,282,844	-
December 31, 2004	26,565,688	\$ 51,079,128
Exercise of stock options	256,000	96,734
Exercise of warrants	240,000	1,048,939
March 31, 2005	27,061,688	\$ 52,224,801

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March 31, 2005

5. Share Capital - (continued)

(b) Issued Share Capital - Common Shares (continued)

On March 30, 2004, the Company completed a private placement (the "Offering") of 2,000,000 (4,000,000 post split) common shares at Cdn \$8.00 (\$4.00 post split) per share for gross proceeds of Cdn \$16,000,000 (US\$ 12,201,600). 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 (240,000 post split) broker warrants (the "Broker Warrants"). Each Broker Warrant entitles the holder thereof to purchase one common share of the Company at a price of Cdn \$8.00 (\$4.00 post split) per share for a period of one year. These Broker Warrants were exercised on March 23, 2005.

In December 2004 the Company effected a subdivision of its outstanding common shares by changing each one of the outstanding common shares of the Company into two common shares of the Company. This stock split was authorized by the shareholders of the Company at the annual and special meeting of shareholders held on June 29, 2004.

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Notes to Consolidated Financial Statements
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(unaudited)

March 31, 2005

5. Share Capital - (continued)

(c) Stock Options

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

Under this Stock Option Plan, 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, 2005, the Company had 3,857,000 stock options outstanding to acquire common shares at a weighted-average price of Cdn \$3.33 per share, expiring at various dates between October 2006 and March 2010.

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

	Number of Options	Weighted average exercise price Cdn \$
Outstanding at December 31, 2003	2,163,000	1.03
Exercised	(1,010,000)	(0.37)
Granted	2,560,000	3.61
Outstanding at December 31, 2004	3,713,000	2.99
Exercised	(256,000)	(0.46)
Granted	400,000	4.68
Outstanding at March 31, 2005	3,857,000	3.33

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

(unaudited)

March 31, 2005

5. Share Capital - (continued)

(c) Stock options - (continued)

The following table summarizes information about stock options outstanding and exercisable at March 31, 2005:

Options outstanding and exercisable

Date of grant	Number outstanding at 03/31/05	Options Exercisable at 03/31/05	Exercise price Cdn \$	Expiry date
01/08/02	50,000	50,000	0.40	01/08/07
10/16/03	337,000	252,750	2.00	10/16/08
10/16/03	120,000	90,000	2.00	10/16/06
10/29/03	200,000	150,000	2.06	10/29/08
10/29/03	200,000	150,000	2.06	10/29/06
01/21/04	800,000	600,000	3.00	01/21/09
02/03/04	100,000	75,000	3.00	02/03/09
02/17/04	300,000	225,000	3.50	02/17/09
03/16/04	400,000	300,000	4.10	03/16/09
06/24/04	840,000	420,000	4.00	06/22/09
08/31/04	80,000	20,000	4.00	08/31/09
10/06/04	40,000	10,000	4.00	10/06/09
12/14/04	40,000	10,000	4.50	12/14/09
02/11/05	90,000	22,500	4.70	02/10/10
02/11/05	200,000	50,000	4.70	02/10/08
03/01/05	70,000	17,500	4.70	03/01/10
	3,857,000	2,442,750		

2004

During 2004, the Company recognized in the statement of operations as an expense \$2,195,231 representing the weighted average grant-date fair value of stock options granted to employees, directors and officers under the Company's stock option plan. In addition, an amount of \$380,212 related to stock options issued to employees of the Company's subsidiaries in the Congo was capitalized as deferred exploration expenditures. These amounts were credited accordingly to contributed surplus in the balance sheet.

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

- (i) risk-free interest rate: 2.24% to 3.34%
- (ii) expected volatility: 51.21% to 97.1%
- (iii) expected life: 2.77 years
- (iv) expected dividends: \$Nil

Banro Corporation
Notes to Consolidated Financial Statements
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(unaudited)

March 31, 2005

5. Share Capital - (continued)

(c) Stock Options - (continued)

2005

During the three month period ended March 31, 2005, the Company recognized in the statement of operations as an expense \$213,911 representing the weighted average grant-date fair value of stock options granted to employees, directors and officers under the Company's stock option plan. In addition, an amount of \$65,587 related to stock options issued to employees of the Company's subsidiaries in the Congo was capitalized as deferred exploration expenditures. The Company recognized consulting fees of \$71,475 representing the fair value of stock options granted to consultants under the Company's stock option plan. These amounts were 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 period based on the following factors:

- (i) risk-free interest rate: 2.94% to 2.96%
- (ii) expected volatility: 37.18% to 37.56%
- (iii) expected life: 2.70 years
- (iv) expected dividends: \$Nil

(d) Earnings (Loss) per Share

Earnings (loss) per share was calculated on the basis of the weighted average number of common shares outstanding for the three month period ended March 31, 2005, amounting to 26,704,244 (March 31, 2004 – 21,614,526) common shares. The weighted average common shares outstanding have been adjusted to reflect the stock split discussed in Note 5(b).

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

(e) Contributed Surplus

	March 31, 2005	December 31, 2004
Balance at the beginning of the period	\$ 3,337,077	\$ 502,014
Options	350,974	2,575,443
Warrants granted	(259,620)	259,620
Balance at the end of the period	\$ 3,428,431	\$ 3,337,077

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6. Related Party Transactions

Management fees of \$6,000 (March 31, 2004 - \$Nil) were accrued to directors of the Company.

Legal fees of \$71,713 (March 31, 2004 - \$132,466) were paid to a law firm of which one partner is also a director of the Company and another partner is an officer of the Company.

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

7. Lease Commitments

The Company's future minimum lease commitments for office premises as at March 31, 2005 for the following five years are as follows:

2005	\$	156,028
2006		131,714
2007		74,763
2008		74,763
2009		74,763
2010 and thereafter		49,842

8. Segmented Reporting

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

	March 31, 2005	December 31, 2004
Democratic Republic of the Congo – deferred exploration costs	\$ 3,683,805	\$ 2,697,131
Democratic Republic of the Congo – capital assets	556,112	518,115
Canada – capital assets	77,599	77,599
	<u>\$ 3,292,845</u>	<u>\$ 3,292,845</u>

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9. Generally Accepted Accounting Principles in Canada and the United States

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

(a) Employee and Directors Stock Options

Prior to 2003, the Company accounted for employee and director stock options under APB Opinion No. 25 under which no compensation cost is recognized when the exercise price equals or exceeds the fair value at the date of grant. The Company recognized no compensation cost as no stock options were granted with an exercise price less than fair value.

Under Canadian GAAP, effective January 1, 2002 on a prospective basis, the Company adopted the new CICA policy of accounting for stock based compensation. Compensation expense on stock options granted to directors, officers and employees, was not recorded. However, disclosure of the effects of accounting for the compensation expense, utilizing the fair value method estimated using the Black-Scholes Option Pricing Model, was disclosed as pro-forma information.

Under Canadian GAAP, effective January 1, 2003 on a prospective basis, the Company commenced the expensing of all stock based compensation for new stock option grants applying the fair value method estimated by using the Black-Scholes Option Pricing Model. For US GAAP the Company has adopted, effective January 1, 2003 on a prospective basis, the fair value recognition provisions of SFAS 123.

(b) Mineral Properties

U.S. GAAP requires that costs pertaining to mineral properties with no proven reserves be reflected as expenses in the period incurred.

(c) Comprehensive Income

Under US GAAP, comprehensive income must be reported which is defined as all changes in equity other than those resulting from investments by owners and distributions to owners.

(d) Marketable Securities

Under accounting principles generally accepted in Canada, gains (losses) in shares of public companies are not recognized until investments are sold unless there is deemed to be an impairment of value which is other than temporary. Under US GAAP, such investments are recorded at market value and the unrealised gain and losses are recognized in other comprehensive income unless there is deemed to be an impairment which is other than temporary. Under FAS 115 the Company is accounting for the marketable securities as available for sale.

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

(e) Equity Investment

For US GAAP purposes the equity loss from the investee must be increased by the costs pertaining to mineral properties with no proven reserves. In addition as the investee is a self sustaining operation account needs to be made of the cumulative translation adjustment relating to the conversion of the assets and liabilities of the investee into US dollars. For Canadian GAAP the cumulative translation adjustment is not shown separately.

(f) Recently issued United States Accounting Standards

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liability and Equity". SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liability and equity. It also requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective generally at the beginning of the first interim period beginning after June 15, 2003, except for mandatory redeemable financial instruments of non-public entities. It is to be implemented by reporting a cumulative effect of a change in an accounting principle for financial instruments created before the issuance date of the Statement and still existing at the beginning of the interim period of adoption. Restatement is not permitted. The adoption of this statement did not have a material effect on the financial position of the Company or results of its operations.

In December 2004, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 123R (Revised), Share-Based Payment, which is a revision of FASB Statement No. 123, Accounting for Stock-Based Compensation. Statement No. 123(R) supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees, and amends FASB Statement No. 95, Statement of Cash Flows. Statement No. 123(R). Statement No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values and is effective at the beginning of the first annual period beginning after June 15, 2005. The Company has determined that this will have no effect on the Company's consolidated financial position or results of operations.

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

March 31, 2005

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

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

Income Statement

For the Three Months ended March 31	2005	2004
Loss per Canadian GAAP	\$ (1,198,341)	\$ (768,346)
Deferred exploration	(986,674)	(166,407)
Loss per U.S. GAAP	(2,185,015)	(934,753)
Loss per share (basic and diluted)	\$ (0.08)	\$ (0.04)

Balance Sheet

	March 31, 2005	December 31, 2004
Total assets per Canadian GAAP	\$ 12,634,121	\$ 12,661,222
Investments	-	-
Equity investment	(69,809)	(130,052)
Deferred exploration	(3,683,805)	(2,697,131)
Total assets per U.S. GAAP	\$ 8,880,507	\$ 9,834,039
Total liabilities per Canadian and U.S. GAAP	\$ 143,039	\$ 208,826
Shareholders' equity per Canadian GAAP	\$ 12,491,082	\$ 12,452,396
Equity investment adjustments	(69,809)	(135,977)
Deferred exploration	(3,683,805)	(2,697,131)
Accumulated other comprehensive loss per U.S. GAAP	-	5,925
Cumulative translation account	-	-
Total shareholders' equity per U.S. GAAP	\$ 8,737,468	\$ 9,625,213
Total liabilities and shareholders' equity per U.S. GAAP	\$ 8,880,507	\$ 9,834,039

Form 51-102F1

BANRO CORPORATION
INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS - FIRST QUARTER 2005

The following management's discussion and analysis ("**MD&A**"), which is dated as of May 13, 2005, provides a review of the activities, results of operations and financial condition of Banro Corporation (the "**Company**") as at and for the three month period ended March 31, 2005, as well as future prospects of the Company. This MD&A should be read in conjunction with the unaudited consolidated financial statements of the Company as at and for the three month period ended March 31, 2005, together with the MD&A and audited consolidated financial statements of the Company as at and for the year ended December 31, 2004. This MD&A is incremental to the disclosure included in the MD&A in respect of the audited consolidated financial statements of the Company as at and for the year ended December 31, 2004. As the Company's financial statements are prepared in United States dollars, all dollar amounts in this MD&A are expressed in United States dollars unless otherwise specified. Additional information relating to the Company is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

Forward-Looking Statements

The following MD&A contains forward-looking statements that are based on the Company's current expectations and estimates. Forward-looking statements are frequently characterized by words such as "plan," "expect," "project," "intend," "believe," "anticipate", "estimate" and other similar words or statements that certain events or conditions "may" or "will" occur. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Factors that could cause such differences include changes in world gold markets and equity markets, political developments in the Democratic Republic of the Congo (the "**DRC**"), changes to regulations affecting the Company's activities, uncertainties relating to the availability and costs of financing needed in the future, the uncertainties involved in interpreting drilling results and other ecological data and the other risks involved in the gold exploration and development industry. Any forward-looking statement speaks only as of the date on which it is made and the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

General

The Company is engaged in the acquisition and exploration of gold properties. The Company's main exploration focus is in the South Kivu and Maniema Provinces of the DRC where the Company holds, through four wholly-owned Congolese subsidiaries, a 100% interest in four gold properties, Twangiza, Lugushwa, Namoya and Kamituga. Through the Company's wholly-owned Congolese subsidiary, Banro Congo Mining SARL ("**Banro Congo**"), the Company has also applied to the Mining Cadastral (the DRC government agency in charge of all mining registrations) for exploration permits relating to property in between the Company's four project areas.

During the first quarter of 2005 and up to the date of this MD&A, the Company continued its exploration activities at Namoya and Lugushwa. At Lugushwa, exploration activities consisted of gridding, soil and rock sampling, with geological mapping, while at Namoya, soil sampling continued together with a comprehensive adit sampling and mapping program of the former old development adits. This exploration program at Lugushwa and Namoya is expected to continue over the next few months. No exploration was undertaken during the period on Kamituga or Twangiza, although it is hoped that exploration will commence at Twangiza by the end of the second quarter of 2005.

On May 2, 2005, the Company announced that its board of directors has adopted a Shareholder Rights Plan (the "**Rights Plan**"), similar to existing shareholder rights plans adopted by other Canadian public companies. The objectives of the Rights Plan are to ensure, to the extent possible, that all shareholders of the Company are treated equally and fairly in connection with any take-over bid for the Company. In order to implement the Rights Plan, the board of directors of the Company authorized the issuance of one right in respect of each common share of the Company outstanding at the close of business on April 29, 2005 (the "**Record Time**"). In addition, the board authorized the issuance of one right in respect of each additional common share issued after the Record Time. The rights trade with and are represented by the Company's common share certificates, including certificates issued prior to the Record Time. Until such time as the rights separate from the common shares and become exercisable, rights certificates will not be distributed to shareholders. The Rights Plan is subject to the approval of the TSX Venture Exchange and requires confirmation by the Company's shareholders within six months of its effective date (being April 29, 2005). Additional information relating to the Rights Plan is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

Results of Operations

For the three month period ended March 31, 2005, the Company reported a net loss of \$1,198,341, or \$0.04 per share, compared to a net loss of \$768,346, or \$0.04 per share, reported for the three month period ended March 31, 2004. The increase in the Company's net loss during the first quarter of 2005 was primarily due to a general increase in operating expenses following the resumption of exploration activities in the DRC, which effectively occurred during the second half of fiscal 2004. During the first quarter of 2005, significant changes in operating expenses occurred in the expense categories described below as compared to the first quarter of 2004:

Professional fees

Professional fees, which were mainly legal, audit and accounting fees, increased to \$96,863 during the first quarter of 2005 from \$28,954 for the corresponding period in 2004 as a result of the general increase in the Company's activities, including efforts to list the Company's shares on the American Stock Exchange.

Consulting fees

Consulting fees increased during the first quarter of 2005 to \$75,315 from \$759 during the first quarter of 2004, mainly as a result of the recognition as an expense of stock-based compensation issued to consultants and valued at \$71,475 for the first quarter of 2005 compared to nil for the first quarter of 2004.

Office and sundry

Office and sundry expenses, which include items such as rent and insurance, increased to \$211,201 during the first quarter of 2005 from \$75,150 for the first quarter of 2004. This

increase was mainly due to the general increase in the Company's activities following the resumption of exploration activity in the DRC, including the opening of offices in the United Kingdom and Bukavu in the DRC.

Salaries

Salary expenses increased to \$257,347 during the first quarter of 2005 from \$94,481 for the same period in 2004 due to the hiring of additional full time staff pursuant to the resumption of operations in the DRC.

Employee stock-based compensation

The fair value of employee stock-based compensation accrued during the first quarter of 2005 decreased by 47% to \$213,911 from \$404,675 accrued during the first quarter of 2004 due to fewer stock option grants.

Travel

Travel expenses increased by 62% from \$118,264 during the first quarter of 2004 to \$192,196 for the first quarter of 2005 reflecting increased charter flight costs to the projects within the DRC as well as increased corporate travel costs to visit the Company's properties in the DRC and to attend a number of investment conferences and meetings in North America, Europe and South Africa.

Shareholder relations and promotion

Expenses related to shareholder relations and promotion increased to \$71,608 during the first quarter of 2005 from \$12,294 for the corresponding period in 2004 due to efforts by the Company to increase awareness in the investment community.

Summary of Quarterly Results

The following table sets out certain unaudited consolidated financial information of the Company for each of the last eight quarters, beginning with the first quarter of 2005. This financial information has been prepared in accordance with Canadian generally accepted accounting principles. In December 2004, the Company effected a subdivision of its outstanding common shares by changing each one of the outstanding common shares of the Company into two common shares of the Company. The net loss per share figures set out in the following table have been adjusted to reflect this subdivision.

	2005	2004	2004	2004
	1st quarter	4th quarter	3rd quarter	2nd quarter
Net loss	\$ (1,198,341)	\$(2,331,470)	\$ (497,183)	\$(1,052,380)
Net loss per share	\$ (0.04)	\$ (0.09)	\$ (0.02)	\$ (0.04)
	2004	2003	2003	2003
	1st quarter	4th quarter	3rd quarter	2nd quarter
Net loss	\$ (768,346)	\$ (549,728)	\$ (243,720)	\$ (245,271)
Net loss per share	\$ (0.03)	\$ (0.03)	\$ (0.01)	\$ (0.01)

The Company's net loss for the first quarter of 2005 decreased by \$1,133,129 as compared to the net loss recorded for the fourth quarter of 2004, mainly due to the recording during the fourth

quarter of 2004 of stock-based compensation expense of \$896,860, bad debt expenses of \$203,572, equity loss in BRC Diamond Corporation of \$505,153 and a write down of the Company's investment in Nevada Bob's International Inc. of \$225,901. However, office and sundry as well as travel expenses increased during the first quarter of 2005 compared to the fourth quarter of 2004 due to a general increase in the Company's activity levels. The net loss incurred during the third quarter of 2004 decreased significantly, compared to the net loss incurred during the second quarter of 2004, due mainly to a foreign exchange gain of \$422,761 resulting from fluctuations in the value of the United States dollar relative to the Canadian dollar. The increase in the second quarter of 2004 in the Company's net loss, compared to the first quarter of 2004, was also mostly impacted by a foreign exchange loss of \$229,053 incurred during the second quarter of 2004, compared to \$16,232 recorded during the first quarter of 2004. The net loss recorded in the first quarter of 2004, compared to the fourth quarter of 2003, increased due to a general increase in operating expenses as a result of the resumption of the Company's activities in the DRC. Results for the fourth quarter of 2003 were impacted by the prospective adoption by the Company of stock-based compensation to employees, directors and officers which was only recognized at December 31, 2003. This resulted in an additional expense during the fourth quarter of 2003 in the amount of \$378,724.

Liquidity and Capital Resources

As at March 31, 2005, the Company had cash of \$7,570,753 and working capital of \$7,964,117, compared to cash of \$9,057,197 and working capital of \$8,870,540 as at December 31, 2004. During the first quarter of 2005, the Company spent \$878,444 in exploration expenditures for its DRC projects (compared to \$166,407 spent during the first three months of 2004), mainly at the Namoya and Lugushwa projects. In addition, as part of the contract with a drilling contractor, the Company has advanced \$450,000 for the purchase of drilling equipment (this amount is reflected in the Company's balance sheet as part of prepaid expenses) which will be offset by reduced drilling charges once drilling commences.

In March 2005, the Company received an additional \$793,650 from the exercise of share purchase warrants. In addition, during the first quarter of 2005 the Company received approximately \$92,233 from the exercise of stock options.

The Company will need to raise additional funds by the end of the year to complete the exploration programs proposed for 2005 and to continue as a going concern. There is no assurance that such financing will be available on acceptable terms, if at all.

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

Contractual Obligations	Payments due by period				
	Total	Less than one year	One to three years	Four to five years	After five years
Operating leases	\$ 561,873	\$ 156,028	\$ 281,240	\$ 124,605	-

Critical Accounting Estimates

Critical accounting estimates used in the preparation of the Company's financial statements include estimates used in the calculation of the fair value of stock-based compensation. The Company used the Black-Scholes option pricing model to determine the fair value of stock options granted during the period. This model requires the Company to make reasonable assumptions in order to derive parameters such as expected volatility of the Company's shares, the expected life of the option and interest rates, all of which are based on historical information. Future behaviors of these parameters are beyond the Company's control, and thus, may be significantly different from the Company's estimates.

Deferred Exploration Expenditures

The following table provides a breakdown of the Company's deferred exploration expenditures during fiscal 2004 and during the first quarter of 2005:

	Banro Congo	Kamituga	Lugushwa	Namoya	Twangiza	Total
Balance 12/31/2003	\$ 273,960	\$ -	\$ -	\$ -	\$ 48,730	\$ 322,690
Administrative and office support	141,588	39,794	66,114	77,851	43,144	368,491
Salaries and stock compensation	149,919	114,103	173,897	174,428	213,640	825,987
Travel	107,233	20,059	91,011	116,763	27,473	362,539
Consulting and professional fees	187,384	30,834	30,834	30,834	76,752	356,638
Field camps	-	15,879	45,202	58,250	53,945	173,276
Depreciation	21,958	12,638	12,638	12,638	12,638	72,510
Mineral properties	215,000	-	-	-	-	215,000
Balance 12/31/2004	\$1,097,042	\$ 233,307	\$ 419,696	\$ 470,764	\$ 476,322	\$ 2,697,131
Administrative and office support	8,863	22,724	36,757	37,069	25,142	130,555
Salaries and stock compensation	-	45,586	96,705	101,304	61,587	305,182
Travel	2,215	38,026	58,865	68,013	20,430	187,549
Consulting and professional fees	30,000	9,348	11,555	12,244	6,215	69,362
Field camps and geochemistry	-	6,025	34,926	37,492	2,265	80,708
Depreciation	5,799	9,211	9,211	9,211	9,211	42,643
Security	-	333	55,940	114,402	-	170,675
Balance 03/31/2005	\$1,143,919	\$ 364,560	\$ 723,655	\$ 850,499	\$ 601,172	\$ 3,683,805

Outstanding Share Data

The authorized share capital of the Company consists of an unlimited number of common shares and an unlimited number of preference shares, issuable in series. As at May 13, 2005, the Company had outstanding 27,111,688 common shares and stock options to purchase an aggregate of 4,007,000 common shares.

Related Party Transactions

Management fees of \$6,000 in the aggregate were accrued to non-executive directors of the Company during the first quarter of 2005. No such fees were paid during 2004. During the first quarter of 2005, legal fees of \$71,713 (March 31, 2004 - \$132,466) were paid to a law firm of which one partner is a director of the Company and a second partner is an officer of the Company. As at March 31, 2005, \$27,529 owing to this law firm was included in accounts payable.

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

Risks and Uncertainties

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

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

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

All of the Company's properties are in the exploration stage only and none of the properties contain a known body of commercial ore. The Company currently operates at a loss and does not generate any revenue from operations. The exploration and development of mineral deposits involve significant financial risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. Major expenditures may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the Company's exploration programs will result in a profitable commercial mining operation.

The Company's exploration and, if such exploration is successful, development of its properties is subject to all of the hazards and risks normally incident to gold exploration and development, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage.

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

The Company uses the United States dollar as its functional currency. Fluctuations in the value of the United States dollar relative to the Canadian dollar could have a material impact on the Company's consolidated financial statements by creating gains or losses. During the first quarter of 2005 and the first quarter of 2004, the Company recorded a foreign exchange loss of \$17,816 and \$16,232, respectively, due to variations in the United States dollar value against the Canadian dollar. During fiscal 2004 and fiscal 2003, the Company recorded a foreign exchange gain of \$374,636 and \$356,141, respectively, due to the decline in the United States dollar value against the Canadian dollar. No currency hedge policies are in place or are presently contemplated.