



BANRO CORPORATION

Interim Consolidated Financial Statements
June 30, 2010

(Expressed in U.S. dollars)
(Unaudited)

Interim Consolidated Financial Statements

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

	June 30,	December 31,
	2010	2009
Assets		
Current		
Cash and cash equivalents	\$ 137,193,235	\$ 44,468,432
Short-term investments (Note 2)	8,728,423	21,547,571
Advances receivable	302,198	89,821
Prepaid expenses and deposits	1,535,409	5,463,023
	147,759,265	71,568,847
Investment (Note 3)	1,886,622	1,991,682
Property, plant and equipment (Note 4)	21,038,563	8,979,907
Mineral properties (Note 5)	156,548,856	123,521,370
	\$ 327,233,306	\$ 206,061,806
Liabilities and Shareholders' Equity		
Current		
Accounts payable	\$ 3,616,768	\$ 1,930,963
Accrued liabilities	23,483	301,109
	3,640,251	2,232,072
Commitments (Note 8)		
Shareholders' equity		
Share capital (Note 6)	374,029,399	253,231,560
Contributed surplus	19,475,439	17,672,666
Accumulated other comprehensive loss	(23,389)	-
Deficit	(69,888,394)	(67,074,492)
Accumulated other comprehensive loss and deficit	(69,911,783)	(67,074,492)
	323,593,055	203,829,734
	\$ 327,233,306	\$ 206,061,806
Common shares		
Authorized	Unlimited	Unlimited
Issued and outstanding	173,061,938	105,961,938

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Banro Corporation
Interim Consolidated Statements of Operations and
Other Comprehensive (Loss) Income
(Expressed in U.S. dollars)
(unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2010	2009	2010	2009
Expenses				
Professional fees	\$ 175,501	\$ 128,260	\$ 297,247	\$ 309,628
Consulting fees	185,182	112,158	185,182	139,510
Office and sundry	296,422	454,520	567,861	630,606
Salary	458,791	461,060	918,560	885,523
Employee stock based compensation	503,354	440,560	1,149,292	684,602
Travel	285,113	191,837	502,884	316,005
Shareholder relations and promotion	51,265	106,637	145,576	176,172
Directors fees	56,250	30,000	112,500	60,000
Interest and bank charges	8,993	4,212	15,663	8,506
Amortization	17,114	8,041	34,131	15,406
Foreign exchange loss (gain)	151,281	224,135	(1,087,765)	287,415
	(2,189,266)	(2,161,420)	(2,841,131)	(3,513,373)
Interest income	122,210	9,925	174,521	15,286
Loss from operations	(2,067,056)	(2,151,495)	(2,666,610)	(3,498,087)
Share of equity loss of BRC DiamondCore Ltd. (Note 3)	(38,110)	-	(147,292)	-
Net loss for the period	\$ (2,105,166)	\$ (2,151,495)	\$ (2,813,902)	\$ (3,498,087)
Fair value adjustment on available-for-sale investment	-	(12,123)	-	(543,125)
Cumulative translation adjustment	(91,638)	-	(23,389)	-
Other comprehensive loss for the period	(91,638)	(12,123)	(23,389)	(543,125)
Comprehensive loss for the period	\$ (2,196,804)	\$ (2,163,618)	\$(2,837,291)	\$ (4,041,212)
Basic net loss per share (Note 6 (e))	\$ (0.02)	\$ (0.03)	\$ (0.02)	\$ (0.06)
Diluted net loss per share (Note 6(e))	\$ (0.02)	\$ (0.03)	\$ (0.02)	\$ (0.06)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Banro Corporation
Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in U.S. dollars)
(unaudited)

	Share Capital Number of Shares	Share Capital Amount (Note 6)	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit
December 31, 2007	39,860,137	\$ 136,593,491	\$ 14,000,674	\$ 503,570	\$ (53,839,331)
Transfer to investment for BRC DiamondCore upon loss of significant influence (Note 3)	-	-	(333,270)	(503,570)	-
Issuance of stock options	-	-	1,924,641	-	-
Options exercised or forfeited	622,801	3,734,757	(830,911)	-	-
Fair value adjustment on investment available-for-sale	-	-	-	(13,247,753)	-
Reduction in value of investment other than temporary	-	-	-	13,247,753	-
Issued share capital	12,000,000	16,639,431	-	-	-
Issued warrants	-	1,559,947	-	-	-
Net loss for the year	-	-	-	-	(8,470,492)
December 31, 2008	52,482,938	\$ 158,527,626	\$ 14,761,134	\$ -	\$ (62,309,823)
Issuance of stock options	-	-	2,911,532	-	-
Fair value adjustment on investment available-for-sale	-	-	-	(484,576)	-
Reduction in value of investment other than temporary	-	-	-	484,576	-
Issued share capital	53,479,000	100,357,254	-	-	-
Financing costs	-	(5,653,320)	-	-	-
Net loss for the year	-	-	-	-	(4,764,669)
December 31, 2009	105,961,938	\$ 253,231,560	\$ 17,672,666	\$ -	\$ (67,074,492)
Issued share capital	67,100,000	129,050,568	-	-	-
Financing costs	-	(8,252,729)	-	-	-
Issuance of stock options	-	-	1,737,152	-	-
Share of contributed surplus BRC DiamondCore Ltd.	-	-	65,621	-	-
Cumulative translation adjustment (Note 3)	-	-	-	(23,389)	-
Net loss for the period	-	-	-	-	(2,813,902)
June 30, 2010	173,061,938	\$ 374,029,399	\$ 19,475,439	\$ (23,389)	\$ (69,888,394)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2010	2009	2010	2009
Cash provided by (used in)				
Operating activities				
Net loss for the period	\$ (2,105,166)	\$ (2,151,495)	\$ (2,813,902)	\$(3,498,087)
Adjustments to reconcile net loss to net cash provided by operating activities				
Unrealized foreign exchange loss	2,653,871	245,265	1,628,154	291,303
Share of equity loss	38,110	-	147,292	-
Employee stock based compensation (Note 6(d))	503,354	440,560	1,149,292	684,602
Accrued interest on short-term investments	(930)	6,754	(2,424)	2,376
Amortization	17,114	8,041	34,131	15,406
Changes in non-cash working capital				
Advances receivable	(45,592)	139,604	(212,377)	130,348
Prepaid expenses and deposits	(200,707)	(90,485)	(875,041)	4,600
Accounts payable	(242,571)	42,773	(36,790)	388,097
Accrued liabilities	3,807	156,741	(277,321)	(202,592)
	621,290	(1,202,242)	(1,258,986)	(2,183,947)
Investing activities				
Acquisition of property, plant and equipment	(1,394,392)	(66,660)	(8,903,117)	(93,031)
Proceeds from maturity (purchase) of short-term investments	493,525	2,091,246	12,821,541	(1,907,433)
Change in restricted cash	-	(298,187)	-	(242,000)
Advances to BRC DiamondCore Ltd.	-	(1,842)	-	(5,406)
Mineral properties (Note 5)	(25,170,299)	(3,653,183)	(29,106,637)	(9,579,414)
	(26,071,166)	(1,928,626)	(25,188,213)	(11,827,284)
Financing activities				
Common shares issued, net of issuance costs	120,797,839	81,298,799	120,797,839	94,701,135
Effect of foreign exchange on cash held in foreign currency	(2,660,514)	(342,813)	(1,625,837)	(343,435)
Net increase in cash during the period	92,687,449	77,825,118	92,724,803	80,346,469
Cash and cash equivalents, beginning of period	44,505,786	4,874,951	44,468,432	2,353,600
Cash and cash equivalents, end of period	\$ 137,193,235	\$ 82,700,069	\$ 137,193,235	\$ 82,700,069

Cash and cash equivalents is comprised of the following:

Cash	\$134,132,348	\$82,700,069	\$134,132,348	\$82,700,069
Cash equivalents	\$ 3,060,887	\$ -	\$ 3,060,887	\$ -

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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

June 30, 2010

**Nature of Business and Basis
of Presentation**

Banro Corporation's (the "Company") business focus is the exploration and development 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.

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") applicable to a going concern, which assumes that the Company will continue in operation for a reasonable period of time and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has not generated revenues from operations. As such, the Company's ability to continue as a going concern depends on its ability to successfully raise additional financing for development of the mineral properties. Although the Company has been successful in the past in obtaining financing and subsequently raised financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

Principles of Consolidation

These interim 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 in the Congo, Banro Congo Mining SARL, Kamituga Mining SARL, Lugushwa Mining SARL, Namoya Mining SARL and Twangiza Mining SARL. All inter-company transactions and balances have been eliminated on consolidation.

These interim consolidated financial statements have been prepared on a basis consistent with that followed in the audited consolidated financial statements of the Company for the year ended December 31, 2009, with the exception of the changes disclosed in the notes to these interim consolidated financial statements. The disclosures contained in these interim consolidated financial statements do not include all requirements of Canadian generally accepted accounting principles for annual financial statements. Accordingly, these interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2009.

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

June 30, 2010

Investments

Investments in the common shares of companies subject to significant influence are accounted for using the equity method. Investments in companies where significant influence cannot be exerted are designated as available-for-sale at market value.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost less accumulated amortization. Amortization is recorded as follows:

Furniture and fixtures	- 20% declining balance basis
Office equipment	- Straight line over four years
Vehicles	- Straight line over four years
Communication equipment	- Straight line over four years
Field camps	- Straight line over four years
Surveying equipment	- Straight line over four years
Geochemistry	- Straight line over four years
Field equipment	- Straight line over four years
Equipment and machinery	- Straight line over four years
Leasehold improvements	- Straight line over life of lease

Included in equipment and machinery is a purchased gold process plant, which will not be depreciated until construction is completed.

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. No impairment loss reconsideration events were identified for the three and six month periods ended June 30, 2010 and at December 31, 2009.

Foreign Currency Translation

These interim consolidated financial statements are expressed in the functional currency of the Company, United States dollars ("U.S.\$"). The Company's foreign operations are all considered integrated operations and are translated as follows: monetary assets and liabilities are translated at the spot rates of exchange in effect at the end of the period; non-monetary items are translated at historical exchange rates in effect on the dates of the transactions. Revenues and expense items are translated at average rates of exchange in effect during the period, except for amortization which is translated at its corresponding historical rate. Realized exchange gains and losses are included in the consolidated statements of operations and other comprehensive (loss) income. See Note 3 with respect to the foreign currency translation of the Company's investment in BRC DiamondCore Ltd.

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

June 30, 2010

Mineral Properties

Exploration and development 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 operating income, any incidental revenues earned in connection with these properties or related exploration activities are applied as a reduction to capitalized exploration and development 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 written off to operations.

Stock Options

The Company has a stock option plan, which is described in Note 6(d). The Company uses the fair value method of accounting for stock options granted to directors, officers and employees whereby the fair value of options granted is recorded as a compensation expense in the financial statements over the vesting period. Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received. Any consideration paid by directors, officers, employees and consultants on exercise of stock options or purchase of shares is credited to share capital. Shares are issued from treasury upon the exercise of stock options.

Asset Retirement Obligations

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. The Company has no asset retirement obligations recorded on its balance sheet as at June 30, 2010 and at December 31, 2009.

Financial Instruments – recognition and measurement

Held-for-trading financial instruments which include cash and cash equivalents, are initially measured at fair value and changes in fair value are recognized in net loss for the period.

Loans and receivables, held-to-maturity financial instruments and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Gains or losses resulting from impairment write-downs are recognized in net loss for the period. The Company's short term investments are classified as held-to-maturity and are recorded at amortized cost. Advances receivable are classified as loans and receivables while accounts payable are classified as other financial liabilities.

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

June 30, 2010

Available-for-sale ("AFS") financial assets are recorded at fair value, with unrealized changes in fair value recorded in other comprehensive income (loss) except for losses in value that are considered other than temporary. Impairment losses that are considered other than temporary are recorded in the statement of operations and other comprehensive (loss) income in the period the impairment occurs.

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 substantively 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 substantive 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.

Loss per Share

Loss per share calculations are based on the weighted average number of common shares and common share equivalents issued and outstanding during the period. Diluted earnings per share is calculated using the treasury method. The treasury method assumes that outstanding stock options and share purchase warrants with an average exercise price below market price of the underlying shares are exercised and the assumed proceeds are used to repurchase common shares of the Company at the average market price of the common shares for the period. As the Company is incurring losses, basic and diluted loss per share are the same since including the exercise of outstanding stock options and share purchase warrants in the diluted loss per share calculation would be anti-dilutive.

Use of Estimates

These interim 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 interim consolidated financial statements and the reported amounts of any revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions include those related to the recoverability of deferred exploration and development expenditures, mineral properties, stock options and assessment of other than temporary declines in investments.

Variable Interest Entities

Variable Interest Entities ("VIE's") are consolidated by the Company when it is determined that it will, as the primary beneficiary, absorb the majority of the VIE's expected losses or expected residual returns. The Company currently does not have any VIE's.

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

June 30, 2010

Future Accounting Standards

Business Combinations

In January 2009, the Canadian Institute of Chartered Accountants ("CICA") issued accounting standard Section 1582, *Business Combinations*, which is effective for business combinations with an acquisition date after January 1, 2011. The standard requires the additional use of fair value measurements, recognition of additional assets and liabilities and increased disclosure. Additionally, as part of the application of Section 1582, companies will be required to adopt CICA handbook Section 1601, *Consolidated Financial Statements* and Section 1602, *Non-Controlling Interests*. These sections will require that a non-controlling interest be presented as part of shareholder's equity on the balance sheet and the controlling parent will be required to present 100 percent of the subsidiary's results in the statement of operations and present the allocation between controlling and non-controlling interest. These standards will be effective January 1, 2011, with early adoption permitted. The Company is currently evaluating the impact of the adoption of these changes on its consolidated financial statements.

International Financial Reporting Standards

In February 2008, the Accounting Standards Board ("AcSB") of the CICA confirmed that Canadian Generally Accepted Accounting Principles ("Canadian GAAP") for publicly accountable enterprises will be converged with International Financial Reporting Standards ("IFRS") effective in the calendar year 2011. The conversion to IFRS will be required, for the Company, for interim and annual financial statements beginning on January 1, 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement and disclosures.

Adoption of IFRS in place of Canadian GAAP will require the Company to make certain accounting policy choices and could materially impact the reported financial position and results of operations.

Banro Corporation
Notes to Interim Consolidated Financial Statements
(Expressed in U.S. dollars except where otherwise noted)
(unaudited)

June 30, 2010

1. Interest in Congolese Subsidiaries

The Company operates primarily in one operating segment and its assets located in the Congo, including its interests in gold 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. Short Term Investments

As at June 30, 2010, the Company had investments in U.S.dollar commercial paper and discount notes with interest rates from 0.18% to 0.25%, maturity dates up to August 11, 2010 and a market value of \$8,728,385 at June 30, 2010 (2009 - \$19,216,724). As at June 30, 2010, there were no Canadian dollar discount notes outstanding. As at December 31, 2009, the Company had outstanding a Canadian dollar ("Cdn\$") discount note with an interest rate of 0.22%, maturity of February 16, 2010 and a market value of \$2,328,392 (Cdn\$ 2,447,075). Short term investments are held to maturity.

3. Investment in BRC DiamondCore Ltd.

	June 30, 2010	December 31, 2009
BRC DiamondCore Ltd.	\$ 1,886,622	\$ 1,991,682

As at June 30, 2010, the Company owned 35,433,987 common shares, representing a 39.63% (December 31, 2009 – 39.63%) equity interest, in BRC DiamondCore Ltd. ("BRC"). The market value of the Company's investment in BRC as at June 30, 2010 is \$2,662,652. In addition, as at June 30, 2010, an amount of \$12,954 (December 31, 2009 - \$12,954) was payable to BRC with respect to the Company's share of common expenses in the Congo. The principal business of BRC is the acquisition and exploration of diamond properties.

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

Available-For-Sale ("AFS") investment at December 31, 2008	\$ 768,463
Fair value of AFS investment to November 23, 2009	(484,576)
Acquisition of BRC shares at November 24, 2009	2,688,671
Share of loss from November 24 to December 31, 2009	(215,154)
Reduction in investment of BRC at December 31, 2009	(752,768)
Amount due to BRC as at December 31, 2009	(12,954)
Equity method accounted investment at December 31, 2009	1,991,682
Share of loss for the six month period ended June 30, 2010	(147,292)
Share of BRC contributed surplus	65,621
Cumulative translation adjustment	(23,389)
Equity method accounted investment at June 30, 2010	\$ 1,886,622

Banro Corporation
Notes to Interim Consolidated Financial Statements
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June 30, 2010

3. Investment in BRC DiamondCore Ltd. (continued)

As at June 30, 2010, the Company had significant influence over BRC and therefore, the Company's investment in BRC is accounted for using the equity method. The Company recorded its share of BRC's loss of \$147,292 (December 31, 2009 - \$752,768) to adjust the carrying value of the investment to its share of the net equity of BRC as at June 30, 2010.

The assets and liabilities of BRC are translated into U.S. dollars at the period end rate of exchange for the purpose of incorporation into the Company's consolidated financial statements, using the equity method. Accumulated exchange gains and losses arising from such translation are reported in the consolidated balance sheets under accumulated other comprehensive loss as a separate component of shareholders' equity.

BRC's summarized consolidated balance sheet as at June 30, 2010 and as at December 31, 2009, converted to U.S.\$ at the period end rate of exchange, and income statement for the three and six months ended June 30, 2010, converted to U.S. dollar at the average rate of exchange, are as follows:

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Assets		
Current assets	\$ 125,646	\$ 787,529
Mineral properties	5,578,776	5,527,107
Property, plant and equipment	81,106	134,917
	<u>5,785,528</u>	<u>6,449,553</u>
Liabilities	<u>(992,502)</u>	<u>(1,391,175)</u>
Net Equity	<u>\$ 4,793,026</u>	<u>\$ 5,058,378</u>
	<u>Three months ended June 30, 2010</u>	<u>Six months ended June 30, 2010</u>
Statement of Operations		
Interest income	\$ -	\$ -
Expenses	(95,544)	(372,826)
Net Loss	<u>\$ (95,544)</u>	<u>\$ (372,826)</u>

Banro Corporation
Notes to Interim Consolidated Financial Statements
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June 30, 2010

4. Property, Plant and Equipment

June 30, 2010	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	\$ 160,213	\$ 72,568	\$ 87,645
Office equipment	768,922	367,152	401,770
Vehicles	3,249,831	1,031,429	2,218,402
Communication equipment	175,822	82,623	93,199
Field camps	1,257,849	561,970	695,879
Surveying equipment	106,780	100,455	6,325
Geochemistry	186,856	171,212	15,644
Field equipment	9,385,096	1,128,217	8,256,879
Equipment & machinery	9,378,385	122,874	9,255,511
Leasehold improvement	8,948	1,639	7,309
	\$ 24,678,702	\$ 3,640,139	\$ 21,038,563

December 31, 2009	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	\$ 158,463	\$ 63,167	\$ 95,296
Office equipment	501,201	312,756	188,445
Vehicles	1,117,264	823,462	293,802
Communication equipment	136,561	65,848	70,713
Field camps	953,993	451,075	502,918
Surveying equipment	106,780	96,700	10,080
Geochemistry	186,856	161,154	25,702
Field equipment	112,336	21,757	90,579
Equipment & machinery	7,700,541	-	7,700,541
Leasehold improvements	2,740	909	1,831
	\$ 10,976,735	\$ 1,996,828	\$ 8,979,907

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Notes to Interim Consolidated Financial Statements
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5. Mineral Properties

a) Deferred Exploration and Development Expenditures

	Six month period ended June 30, 2010	Year ended December 31, 2009	Cumulative from inception in April 1994 to June 30, 2010
Exploration and development costs	\$ 30,830,446	\$ 16,317,944	\$ 160,841,660
Stock option compensation expense	587,860	815,035	8,330,424
Amortization of property, plant and equipment	1,609,180	496,572	3,877,830
Deconsolidation of Loncor	-	-	(332,127)
Net expenditures	33,027,486	17,629,551	172,717,787
Effect of exchange rate change	-	-	2,511
	33,027,486	17,629,551	172,720,298
Write-off	-	-	(16,191,442)
	\$ 33,027,486	\$ 17,629,551	\$ 156,528,856

b) Mineral Rights

	Six month period ended June 30, 2010	Year ended December 31, 2009	Cumulative from inception in April 1994 to June 30, 2010
Mineral rights	\$ -	\$ -	\$ 9,701,194
Write-off	-	-	(9,681,194)
	\$ -	\$ -	\$ 20,000

Mineral rights and deferred exploration expenditures, capitalized prior to fiscal year 2000, were written off in 2000.

Total mineral properties, June 30, 2010 **\$ 156,548,856**

Total mineral properties, December 31, 2009 **\$ 123,521,370**

Included in total mineral properties is a total cost of \$1,472,489 (December 31, 2009 - \$1,268,505) paid by the Company to maintain the Banro Foundation, a charitable organization that promotes social responsibilities of the Company.

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Notes to Interim Consolidated Financial Statements
(Expressed in U.S. dollars except where otherwise noted)
(unaudited)

June 30, 2010

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

On May 20, 2010, the Company completed a financing involving the issuance of 67,100,000 common shares of the Company at a price of Cdn \$2.05 per share for gross proceeds of Cdn \$137,555,000 (\$129,050,568) and financing costs of Cdn \$8,906,229 (\$8,252,729).

On June 25, 2009, the Company completed a financing involving the issuance of 43,479,000 common shares of the Company at a price of Cdn\$2.30 per share for gross proceeds of Cdn\$100,001,700 (\$86,357,254).

On February 19, 2009, the Company completed a financing involving the issuance of 10,000,000 common shares of the Company at a price of \$1.40 per share for gross proceeds of \$14,000,000.

(c) Share Purchase Warrants

As at June 30, 2010, the Company had outstanding warrants to purchase 6,000,000 common shares of the Company at a price of \$2.20 per share until September 17, 2011.

(d) 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, for options granted prior to January 16, 2006, the options vest 25% immediately at grant date and 25% on each of the three consecutive six-month periods subsequent to the grant. For options granted after January 16, 2006, 75% vest on the 12 month anniversary of their grant date and the remaining 25% of the options vest on the 18 month anniversary of their grant date. As at June 30, 2010, the Company had 7,509,750 stock options outstanding to acquire common shares at a weighted-average price of Cdn\$5.50 per share, expiring at various dates between July 2010 and June 2015.

The weighted averages of the remaining contractual life of outstanding and exercisable stock options are 3.04 and 2.68, respectively.

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6. Share Capital - (continued)

(d) Stock Options - (continued)

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

	Number of Options	Weighted average exercise price Cdn\$
Outstanding at December 31, 2008	3,524,750	9.74
Forfeited	(22,000)	3.10
Cancelled	(45,000)	15.00
Expired	(493,000)	3.87
Granted	4,030,000	2.17
Outstanding at December 31, 2009	6,994,750	9.74
Forfeited	(140,000)	2.30
Expired	(290,000)	3.53
Granted	945,000	2.30
Outstanding at June 30, 2010	7,509,750	5.50

The following table summarizes information about stock options outstanding and exercisable at June 30, 2010:

Options outstanding and exercisable				
Date of grant	Number outstanding at 06/30/10	Options Exercisable at 06/30/10	Exercise price Cdn\$	Expiry date
07/19/05	3,750	3,750	5.25	7/19/10
08/31/05	45,000	45,000	6.60	8/31/10
09/09/05	52,500	52,500	6.68	9/09/10
01/25/06	250,000	250,000	11.25	1/25/11
02/06/06	20,000	20,000	11.25	2/06/11
10/24/06	596,000	596,000	13.52	10/24/11
12/18/06	915,000	915,000	15.00	12/18/11
3/29/07	35,000	35,000	15.00	3/29/12
8/24/07	300,000	300,000	12.00	8/24/12
9/26/08	277,500	277,500	3.10	9/26/13
10/30/08	180,000	180,000	1.10	10/30/13
3/2/09	200,000	150,000	2.00	3/2/14
3/26/09	3,175,000	2,381,250	2.15	3/26/14
4/6/09	10,000	7,500	2.16	4/6/14
9/1/09	280,000	-	2.30	9/1/14
9/14/09	75,000	-	2.55	9/14/11
11/2/09	50,000	-	2.30	11/2/14
12/14/09	50,000	-	2.30	12/14/14
12/16/09	50,000	-	2.30	12/16/14
1/6/10	250,000	-	2.31	1/06/15
1/12/10	65,000	-	2.30	1/12/15
1/19/10	80,000	-	2.30	1/19/15
1/20/10	90,000	-	2.30	1/20/15
3/24/10	70,000	-	2.30	3/24/15
6/07/10	130,000	-	2.30	6/7/15
6/22/10	260,000	-	2.30	6/22/15
	7,509,750	5,213,500		

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6. Share Capital - (continued)

(d) Stock Options - (continued)

During the three and six month periods ended June 30, 2010, the Company recognized in the statement of operations and other comprehensive (loss) income as an expense \$503,354 and \$1,149,292, respectively (compared to \$440,560 and \$684,602 during the same respective periods in 2009) representing the fair value at the date of grant of stock options previously granted to employees, directors and officers under the Company's Stock Option Plan. In addition, an amount of \$587,860 for the six month period ended June 30, 2010 (for the six month period ended June 30, 2009 - \$282,977) related to stock options issued to employees and a consultant of the Company's subsidiaries in the Congo was capitalized as mineral properties. 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 previously granted based on the following factors:

- (i) risk-free interest rate: 1.67% to 2.10% (December 31, 2009 – 1.35% to 1.90%) which is based on the Canadian Zero Coupon Bond Rate
- (ii) expected volatility: 102.75% to 104.85% (December 31, 2009 – 92.51% to 104.91%) which is based on the Company's stock price over 2 years
- (iii) expected life: 3 years (December 31, 2009 – 2- 3 years)
- (iv) expected dividends: \$Nil (December 31, 2009 - \$Nil)

A summary of the status of the Company's non-vested options as at June 30, 2010 and changes during the period is presented below:

Non-vested options	Number of Options	Weighted average grant date fair value (Cdn\$)
Non-vested at December 31, 2009	4,144,375	\$ 1.27
Granted	945,000	1.31
Forfeited	(140,000)	1.48
Vested	(2,653,125)	1.25
Non-vested at June 30, 2010	2,296,250	\$ 1.30

(e) Loss per Share

Loss per share was calculated on the basis of the weighted average number of common shares outstanding for the three month period ended June 30, 2010, amounting to 136,193,806 common shares (June 30, 2009 – 64,871,894) and for the six month period ended June 30, 2010, amounting to 121,161,386 common shares (June 30, 2009 – 60,866,336).

Diluted loss per share was calculated using the treasury stock method. The diluted weighted average number of common shares outstanding for the three and six month periods ended June 30, 2010 is 136,523,806 and 121,491,386 common shares, respectively (three and six month periods ended June 30, 2009 – 64,871,894 and 60,866,336). As at June 30, 2010, 13,509,750 common shares related to stock options and warrants were anti-dilutive.

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7. Related Party Transactions

During the three and six month periods ended June 30, 2010, the Company paid directors' fees of \$56,250 and \$112,500, respectively to non-executive directors of the Company, (compared to \$30,000 and \$60,000 during the same respective periods in 2009).

During the three and six months ended June 30, 2010, legal fees of \$351,543 and \$445,243 (compared to \$214,736 and \$444,741 during the same respective periods in 2009), incurred in connection with general corporate matters as well as the Company's financing, were paid to a law firm of which one partner is a director of the Company and another partner is an officer of the Company. As at June 30, 2010, \$31,113 (December 31, 2009 - \$29,772) owing to this legal firm was included in accounts payable.

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

8. Lease Commitments

The Company's future minimum lease commitments for office premises as at June 30, 2010 are as follows:

2010	\$161,051
2011	231,750
2012	211,088
2013	49,613
	<u>\$653,502</u>

9. Segment Reporting

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

	<u>June 30,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
Congo – mineral properties	\$ 156,548,856	\$ 123,521,370
Congo – capital assets	20,835,257	8,760,656
Canada – capital assets	203,306	219,251
	<u>\$ 177,587,419</u>	<u>\$ 132,501,277</u>

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10. Supplemental Cash Flow Information

During the period indicated the Company undertook the following significant non-cash transactions:

	Three month period ended June 30, 2010	Three month period ended June 30, 2009	Six month period ended June 30, 2010	Six month period ended June 30, 2009
Amortization included in mineral properties	\$ 967,810	\$ 103,213	\$ 1,609,180	\$ 213,034
Stock option compensation included in mineral properties	\$ 297,185	\$ 192,387	\$ 587,860	\$ 282,977
Interest paid	\$ -	\$ -	\$ -	\$ -

As at June 30, 2010, an amount of \$4,798,850 was transferred from prepaid expenses and deposits to property, plant and equipment when title to the equipment was received.

11. Financial Instruments and Risk Management

Fair Value of Financial Instruments

The balance sheet carrying amounts for cash and cash equivalents, advances receivable, short-term investments, and accounts payable approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

The fair value hierarchy established by CICA Section 3862 "Financial Instruments – Disclosures" establishes three levels to classify the inputs to valuation techniques used to measure fair value.

The fair value hierarchy is as follows:

Level 1 – Quoted (unadjusted) prices for identical assets or liabilities in active markets.

Level 2 – Inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets (few transactions, limited information, non-current prices, high variability over time);
- Inputs other than quoted prices that are observable for the asset/liability (e.g. interest rates, yield curves, volatilities, default rates, etc.); and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

The Company's assets are measured as follows:

Cash and cash equivalents – The carrying value of cash and cash equivalents approximates fair value as maturities are less than three months.

Fair Value Measurements at Reporting Date Using:

June 30, 2010

Assets:	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 137,193,235	-	-
Short-term investments	\$8,728,423	-	-

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11. Financial Instruments and Risk Management (continued)

Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the United States dollar and Canadian dollar or other foreign currencies will affect the Company's operations and financial results. A portion of the Company's transactions are denominated in Canadian dollars, Congolese francs and South African rands. The Company is also exposed to the impact of currency fluctuations on its monetary assets and liabilities. Significant foreign exchange gains or losses are reflected as a separate component of the consolidated statement of operations and other comprehensive (loss) income. The Company does not use derivatives instruments to reduce its exposure to foreign currency risk.

The following table indicates the impact of foreign currency exchange risk on net working capital as at June 30, 2010. The table below also provides a sensitivity analysis of a 10 percent strengthening of the US dollar against foreign currencies as identified which would have increased (decreased) the Company's net loss by the amounts shown in the table below. A 10 percent weakening of the US dollar against the same foreign currencies would have had the equal but opposite effect as at June 30, 2010.

	Canadian dollars	Congolese francs	South African rand	British pounds	Australian Dollar
Cash	133,266,767	891,772	1,345,367	685	1,150
Prepaid expenses	30,375	-	46,473	8,500	-
Accounts payable	(125,859)	-	(735,689)	(169,040)	-
Total foreign currency net working capital	133,171,283	891,772	656,151	(159,855)	1,150
US\$ exchange rate at June 30, 2010	\$0.9393	0.00107	0.13050	1.49986	0.84917
Total foreign currency net working capital in US\$	\$ 125,087,786	\$ 954	\$ 85,628	\$ (239,760)	\$ 977
Impact of a 10% strengthening of the US\$ on net loss	\$12,508,778	\$ 95	\$ 8,563	\$ (23,976)	\$ 98
Impact of a 10% strengthening of the US\$ on other comprehensive income	\$ -	\$ -	\$ -	\$ -	\$ -

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11. Financial Instruments and Risk Management (continued)

Credit Risk

Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents and short-term investments. Cash and cash equivalents as well as short-term investments are maintained with several financial institutions of reputable credit and may be redeemed upon demand. Cash and cash equivalents are held in Canada, the Congo and South Africa. It is therefore the Company's opinion that such credit risk is subject to normal industry risks and is considered minimal.

The Company limits its exposure to credit risk on investments by investing only in securities rated R1 by credit rating agencies such as the DBRS (Dominion Bond Rating Service). Management continuously monitors the fair value of its investments to determine potential credit exposures.

Short-term excess cash is invested in R1 rated investments including money market funds, bankers' acceptances and other highly rated short-term investment instruments. Any credit risk exposure on cash balances is considered negligible as the Company places deposits only with major established banks in the countries in which it carries operations.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company attempts to ensure that there is sufficient cash to meet its liabilities when they are due. Temporary surplus funds of the Company are invested in short term investments. The Company arranges the portfolio so that securities mature approximately when funds are needed. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Mineral Property Risks

The Company's operations in the Congo 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 in or loss of part or all of the Company's assets.

12. Capital Management

The Company manages its common shares, warrants and stock options as capital. The Company's policy is to maintain a sufficient capital base in order to meet its short term obligations and at the same time preserve investors' confidence required to sustain future development of the business. The Company has deliberately minimized the dilution of shareholder value to date by carefully controlling the issuance of shares and by striving to attract shareholders who understand the long term value of the business being developed.

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

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

(a) Mineral Properties

U.S. GAAP requires that deferred exploration expenditures pertaining to mineral properties with no proven reserves be reflected as an expense in the period incurred.

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

Interim Consolidated Statements of Operations and Other Comprehensive (Loss) Income

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Loss per Canadian GAAP	\$ (2,105,166)	\$ (2,151,495)	\$ (2,813,902)	\$(3,498,087)
Mineral properties	(22,246,537)	(3,192,363)	(32,986,395)	(7,308,332)
Loss per U.S. GAAP	(24,351,703)	(5,343,858)	(35,800,297)	(10,806,419)
Total comprehensive loss	\$ (24,351,703)	\$ (5,343,858)	\$ (35,800,297)	(10,806,419)
Loss per share (basic and diluted)	\$ (0.18)	\$ (0.08)	\$ (0.30)	\$ (0.18)

Consolidated Balance Sheets

	June 30, 2010	December 31, 2009
Total assets per Canadian GAAP	\$ 327,233,306	\$ 206,061,806
Equity investment	(1,886,622)	(2,004,636)
Mineral properties	(156,548,856)	(123,521,370)
Total assets per U.S. GAAP	\$ 168,797,828	\$ 80,535,800
Total liabilities per Canadian GAAP	\$ 3,640,251	\$ 2,232,072
Total liabilities per U.S. GAAP	\$ 3,640,251	\$ 2,232,072
Shareholders' equity per Canadian GAAP	\$ 323,593,055	\$ 203,829,734
Equity investment	(1,886,622)	(2,004,636)
Mineral properties	(156,548,856)	(123,521,370)
Total shareholders' equity per U.S. GAAP	\$ 165,157,577	\$ 78,303,728
Total liabilities and shareholders' equity per U.S. GAAP	\$ 168,797,828	\$ 80,535,800

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

Exploration Stage Company

Interim Consolidated Statements of Cash Flows

	Three month period ended June 30,		Six month period ended June 30,	
	2010	2009	2010	2009
Cash flow provided by (used in)				
Operating activities per Canadian GAAP	\$ 621,290	\$ (1,202,242)	\$ (1,258,986)	\$ (2,183,947)
Mineral properties	(25,170,299)	(3,653,183)	(29,106,637)	(9,579,414)
Operating activities per U.S. GAAP	(24,549,009)	(4,855,425)	(30,365,623)	(11,763,361)
Investing activities per Canadian GAAP	(26,071,166)	(1,928,626)	(25,188,213)	(11,827,284)
Mineral properties	25,170,299	3,653,183	29,106,637	9,579,414
Investing activities per U.S. GAAP	(900,867)	1,724,557	3,918,424	(2,247,870)
Financing activities per U.S. GAAP	120,797,839	81,298,799	120,797,839	94,701,135
Effect of foreign exchange on cash	(2,660,514)	(342,813)	(1,625,837)	(343,435)
Net increase in cash during the period	92,687,449	77,825,118	92,724,803	80,346,469
Cash and cash equivalents , beginning of the period	44,505,786	4,874,951	44,468,432	2,353,600
Cash and cash equivalents , end of the period	\$ 137,193,235	\$ 82,700,069	\$ 137,193,235	\$ 82,700,069

The Company meets the definition of a development stage enterprise under Statement of Financial Accounting Standards No. 7, Accounting and Reporting by Development Stage Enterprises. As such, the following disclosure of the consolidated summarized statements of loss and deficit and cash flows since inception of the Company are required under U.S. GAAP:

Consolidated summarized statement of loss and deficit – U.S. GAAP
For the period from inception to June 30, 2010

Exploration expenses	\$ (182,380,401)
General and administrative expenses	(44,250,121)
Interest income	6,118,298
Other	(24,221,064)
Net loss from inception to June 30, 2010, being the deficit accumulated during the exploration and development stage	\$ 244,733,288

Consolidated summarized statement of cash flows – U.S. GAAP
For the period from inception to June 30, 2010

Cash flows used in operating activities	\$ (219,073,054)
Cash flows provided by investing activities	(5,889,839)
Cash flows provided by financing activities	352,395,789
Effect of exchange rates on cash	9,760,339
Cumulative increase in cash from inception being Cash, June 30, 2010	\$ 137,193,235