

Court File No. CV-17-589016-00CL

**Banro Corporation
Banro Group (Barbados) Limited
Banro Congo (Barbados) Limited
Namoya (Barbados) Limited
Lugushwa (Barbados) Limited
Twangiza (Barbados) Limited and
Kamituga (Barbados) Limited**

FIRST REPORT OF THE MONITOR

January 15, 2018

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
BANRO CORPORATION, BANRO GROUP (BARBADOS) LIMITED, BANRO CONGO
(BARBADOS) LIMITED, NAMOYA (BARBADOS) LIMITED, LUGUSHWA (BARBADOS)
LIMITED, TWANGIZA (BARBADOS) LIMITED and KAMITUGA (BARBADOS) LIMITED

**FIRST REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR**

INTRODUCTION

1. On December 22, 2017, Banro Corporation (“**Banro**”), Banro Group (Barbados) Limited (“**BGB**”), Banro Congo (Barbados) Limited, Namoya (Barbados) Limited, Lugushwa (Barbados) Limited, Twangiza (Barbados) Limited and Kamituga (Barbados) Limited (collectively the “**BGB Subsidiaries**” and together with Banro and BGB, the “**Applicants**”) sought and obtained an initial order (the “**Initial Order**”) under the *Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended* (the “**CCAA**”) from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granting, *inter alia*, a stay of proceedings against the Applicants until January 19, 2018, (the “**Stay Period**”) and appointing FTI Consulting Canada Inc. as monitor (the “**Monitor**”). The proceedings commenced by the Applicants under the CCAA will be referred to herein as the “**CCAA Proceedings**”.

2. Pursuant to the provisions of the Initial Order, the stay of proceedings was extended to the Democratic Republic of the Congo (“**DRC**”) subsidiaries of the BGB Subsidiaries, namely Bango Congo Mining S.A., Namoya Mining S.A., Lugushwa Mining S.A., Twangiza Mining S.A. and Kamituga Mining S.A. (collectively, the “**DRC Subsidiaries**” and, together with the Applicants, the “**Banro Group**”).
3. The purpose of this, the First Report of the Monitor (this “**Report**”), is to provide information to the Court on the following:
 - (a) The activities of the Applicants and the Monitor since the commencement of the CCAA Proceedings;
 - (b) The receipts and disbursements of the Applicants for the period December 18, 2017, to January 7, 2018;
 - (c) The Applicants’ revised and extended cash flow forecast for the period January 8 to April 29, 2018 (the “**January 11 Forecast**”);
 - (d) Matters relating to the Interim Facility;
 - (e) The independent opinions prepared by counsel to the Monitor on the validity and enforceability of the various security interests granted by the Applicants (collectively, the “**Security Opinion**”);
 - (f) The Applicants’ request for an Order (the “**SISP Order**”) *inter alia* approving a sale and investment solicitation process (the “**SISP**”) and authorizing each of the Applicants and the Monitor to perform their obligations thereunder and the Monitor’s recommendation thereon
 - (g) The Applicants’ request for an Order (the “**Charge Priority and Stay Extension Order**”) *inter alia*:

(i) Providing priority for the Administration Charge, the DIP Lenders' Charge and the Directors' Charge (collectively, the "**CCAA Charges**") over all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise in favour of any Person over the Property; and

(ii) Extending the Stay Period to March 30, 2018;

and the Monitor's recommendations thereon.

TERMS OF REFERENCE

4. In preparing this Report, the Monitor has relied upon unaudited financial information of the Applicants, the Applicants' books and records, certain financial information prepared by the Applicants and discussions with various parties (the "**Information**").

5. Except as described in this Report:

(a) The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and

(b) The Monitor has not examined or reviewed financial forecasts and projections referred to in this Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.

6. The Monitor has prepared this Report in connection with the Applicants' motion for the SISP Order and the Charge Priority and Stay Extension Order Proposed, returnable January 19, 2018, and should not be relied on for any other purposes.

7. Future oriented financial information reported or relied on in preparing this Report is based on the assumptions of the management of the Applicants ("**Management**") regarding future events; actual results may vary from forecast and such variations may be material.

8. Unless otherwise stated, all monetary amounts contained herein are expressed in **United States Dollars**. Capitalized terms not otherwise defined herein have the meanings defined in affidavit of Mr. Rory Taylor sworn December 21, 2017 filed in support of the Initial Application (the “**Taylor Initial Affidavit**”), the Proposed Monitor’s Pre-Filing Report or the Initial Order.

EXECUTIVE SUMMARY

9. The Monitor is of the view that, in the circumstances, the SISP:
 - (a) Provides for a broad, open, fair and transparent process;
 - (b) Has an appropriate level of independent oversight;
 - (c) Should encourage participation by interested parties; and
 - (d) Should not discourage parties from submitting bids.
10. Accordingly, the Monitor respectfully recommends that the SISP Order be granted by the Court.
11. The Monitor is of the view that the Applicants’ request for an Order providing priority for the CCAA Charges over the Encumbrances is reasonable, appropriate and justified in the circumstances. The Monitor respectfully recommends that such Order be granted.
12. The Monitor is of the view that the Applicants have acted, and are acting, in good faith and with due diligence and that circumstances exist that make an extension of the Stay Period appropriate. Furthermore, the Monitor is of the view that creditors would not be materially prejudiced by an extension of the Stay Period to March 30, 2018.
13. Accordingly, the Monitor respectfully recommends that the Applicants’ request for an extension of the Stay Period to March 30, 2018, be granted.

THE ACTIVITIES OF THE APPLICANTS AND THE MONITOR

14. To date, the Applicants and their management and staff have provided the Monitor with their full co-operation and unrestricted access to the Applicants' premises, books and records. The Monitor has implemented procedures for the monitoring of operations, receipts and disbursements and is assisting the Applicants in their dealings with employees, suppliers, creditors and other stakeholders.

NOTICES AND COMMUNICATIONS

15. The Monitor has established a website at <http://cfcanada.fticonsulting.com/banro> (the “**Monitor’s Website**”) on which updates on the CCAA Proceedings will be posted periodically, together with all Court materials filed in the CCAA Proceedings. In addition, the Monitor has established contact numbers (416-649-8131 or toll free 1-888-425-0980) and an email address (banro@fticonsulting.com) to allow stakeholders to communicate directly with the Monitor to address any questions or concerns in respect of the CCAA Proceedings.
16. The Monitor has received and responded to several enquiries to the email address since the commencement of the CCAA Proceedings, primarily from existing shareholders.
17. In accordance with paragraph 47 of the Initial Order the Monitor:
 - (a) Published the initial notice containing the information prescribed under the CCAA in the *Globe and Mail (National Edition)* on December 29, 2017, and in the *Nation News* of Barbados on the same date;
 - (b) Made the Initial Order publicly available by posting it on the Monitor’s Website on December 22, 2017;
 - (c) Sent a notice in the prescribed manner to every known creditor with a claim against the Applicants of more than \$1,000 on December 27, 2017; and
 - (d) Posted a list of known creditors on the Monitor’s Website on December 22, 2017.

18. On January 2, 2018, the Monitor was provided a copy of a letter dated December 23, 2017, that a shareholder of Banro wrote to the Honourable Mr. Justice Hainey of the Court. Both the Monitor and Banro wrote in response to the letter informing the shareholder, inter alia, that as a matter of court process, any out of court communication, including emails with a presiding judge, is prohibited except with the consent of all relevant parties or unless otherwise ordered by the Court. The shareholder was also informed that if they wished to communicate concerns and issues to the judge, they may appear and make submissions in Court or have legal counsel do so on their behalf.
19. The Monitor subsequently had a call with the shareholder, which call had been arranged prior to the Monitor having been provided with a copy of the letter to Justice Hainey, to discuss the CCAA Proceedings, the Recapitalization Plan and the proposed SISP.

SALE AND INVESTOR SOLICITATION PROCESS PREPARATION

20. The Applicants and the Monitor have started preparations for the implementation of the SISP, if the SISP Order is granted. In that regard, the following activities have been or are being undertaken:
 - (a) A list of potential interested parties is being prepared with input from the Applicants, the Monitor, the Monitor's global network and the Special Committee (the "**Potential Bidder List**" and each a "**Potential Bidder**"). The list will include both strategic purchasers and financial investors and any additional potential interested parties that were not originally included in the list that come forward during the SISP will be added to the Potential Bidder List;
 - (b) A template non-disclosure agreement (as executed in a form acceptable to Banro and the Monitor, an "**NDA**") has been drafted for execution by interested parties;
 - (c) A "teaser" document introducing the opportunity (the "**Teaser**") is being prepared which will be sent to each Potential Bidder;

- (d) A confidential information memorandum (“**CIM**”) is being prepared that will be provided to those Potential Bidders that execute an NDA; and
- (e) A confidential virtual data room (“**VDR**”) is being populated with additional information and documents to which access will be granted to those Potential Bidders that execute an NDA.

RECEIPTS & DISBURSEMENTS FOR THE PERIOD TO JANUARY 7, 2018

21. The Applicants’ actual cash flow on a consolidated basis for the period from December 18, 2017, to January 7, 2018, was approximately \$4.8 million better than the December 21 Forecast, as summarized below:

	Forecast	Actual	Variance
	\$000	\$000	\$000
Receipts	8,913	9,172	259
Disbursements:			
Payroll	(620)	(656)	(36)
HQ Expenses	(30)	(77)	(47)
Restructuring Fees	(850)	(496)	354
DIP Interest	0	0	0
Payments for DRC Entities	(4,069)	(2,751)	1,318
Draw of Restricted Funds	0	1,787	1,787
Cash Repatriation to DRC	(4,511)	(3,320)	1,191
Net Cash Inflow/(Outflow)	(1,167)	3,659	4,826
Beginning Cash Balance	2,626	2,477	(149)
Net Cash Inflow/(Outflow)	(1,167)	3,659	4,826
Foreign Exchange Gain/(Loss)	0	66	66
DIP Draws	0	0	0
Ending Cash Balance	1,459	6,202	4,743

22. Explanations for the key variances in actual receipts and disbursements as compared to the December 21 Forecast are as follows:

- (a) The favourable variance of approximately \$259,000 in receipts is a permanent variance comprising of a favourable variance of approximately \$196,000 from the collection of an amount that had not been included in the December 21 Forecast, a favourable price variance of approximately \$132,000 and an unfavourable volume variance of approximately \$69,000;
- (b) The favourable variance of approximately \$354,000 in restructuring fees is believed to be primarily as a result of timing variances that are expected to reverse in future periods;
- (c) The favourable variance of approximately \$1.3 million in payments for DRC entities is believed to be primarily as a result of timing variances that are expected to reverse in future periods;
- (d) The favourable variance of approximately \$1.8 million in draws from restricted cash is a permanent variance arising as no such draws had been forecast;
- (e) The favourable variance of approximately \$1.2 million in cash repatriation to DRC entities is a timing variance reversed in the following week.

THE JANUARY 11 FORECAST

23. The January 11 Forecast is attached hereto as **Appendix A**. The January 11 Forecast shows a net cash outflow of approximately \$20.8 million in the period December 30, 2017, to April 29, 2018, and is summarized below:

	\$000
Receipts	61,104
Disbursements:	
Payroll	(3,460)
HQ Expenses	(2,330)
Restructuring Fees	(6,650)
DIP Interest	(405)
Payments for DRC Entities	(37,514)
Cash Repatriation to DRC	(31,537)
Net Cash Inflow/(Outflow)	(20,792)
Beginning Cash Balance	6,202
Net Cash Inflow/(Outflow)	(20,792)
DIP Draws	18,000
Ending Cash Balance	3,410

24. The only significant changes in the underlying assumptions in the January 11 Forecast as compared to the December 21 Forecast are:
- (a) The resupply of the Namoya Mine and the restart of mining operations now possible because of the re-opening of the supply road in late December 2017; and
 - (b) The deferral of obligations under gold forward sales agreements and streaming agreements in accordance with deferral agreements that became effective following the granting of the Initial Order.

THE INTERIM FACILITY

25. Baiyin have informed the Monitor that the documents necessary for the application to seek the Baiyin Regulatory Approval were filed in the week ended January 5, 2017. Baiyin have further informed the Monitor that a meeting was held with the regulator to explain the transactions and that the initial feedback was positive. Absent unexpected developments, Baiyin expects to receive the Baiyin Regulatory Approval before January 19, 2017.

26. As a result of a delay, caused by bank closures over the holiday season, in the receipt of funds forecast to be received in the week ended December 30, 2017¹, events of default occurred under section 26(g) of the Interim Facility Term Sheet. The DIP Lenders have agreed to waive the events of default.
27. As set out in the Interim Facility Term Sheet, the Interim Facility Term Sheet was prepared on the basis that Banro Corporation is the Borrower. The Interim Facility Term Sheet provides that the Credit Parties and the Interim Lender shall agree on the identity of the Borrower or identities of the co-Borrowers on or before January 18, 2018, and as may be necessary, the Credit Parties and the Interim Lender agree to enter into an amendment and restatement of the Interim Financing Term Sheet to document any such change in the structure of the Interim Facility with such contextual changes to the Interim Financing Term Sheet as may be required and agreed between the Credit Parties and the Interim Lender (and for certainty without any changes to the economic terms of the Interim Facility such as the Facility Amount or the interest rate referred to in Section 18 thereof).
28. The Credit Parties and the Interim Lender have now agreed that Banro and BGB will be co-borrowers under the Interim Facility Term Sheet and are in the process of preparing an amendment and restatement of the Interim Financing Term Sheet to reflect that.

THE SECURITY OPINION

29. The Monitor's counsel, McMillan LLP with the assistance of local agent counsel in Barbados, Lex Caribbean, is conducting a review of the validity and enforceability of the security granted by the Applicants in favour of TSX Trust Company (the "**Collateral Agent**") under the Collateral Trust Agreement for and on behalf of the holders of the obligations under the following agreements and related guarantees (collectively, the "**Documents**"):

¹ The funds were actually received in the following week.

- (a) The Gold Purchase and Sale Agreement dated April 19, 2017 among Namoya Gold Forward Holdings II LLC (a Gramercy affiliate), RFW Banro II Investments Limited (a Baiyin affiliate), Banro and Namoya Mining S.A., as amended or restated from time to time (the “**Namoya Forward I Agreement**”);
- (b) The Amended and Restated Gold Purchase and Sale Agreement Tranche 2/3 dated September 17, 2015 among Twangiza GFSA Holdings (a Gramercy affiliate), Banro and Twangiza Mining S.A., as amended or restated from time to time (the “**Twangiza Forward I Agreement**”);
- (c) The Gold Purchase and Sale Agreement dated as of February 27, 2015 between Namoya GSA Holdings (a Gramercy affiliate), Banro and Namoya Mining S.A., as amended or restated from time to time (the “**Namoya Stream Agreement**”);
- (d) The Gold Purchase and Sale Agreement dated as of December 31, 2015 between RFW Banro Investments Limited (a Baiyin affiliate), Banro, and Twangiza Mining S.A., as amended or restated from time to time (the “**Twangiza Stream Agreement**” and together with the Namoya Stream Agreement, the “**Stream Agreements**”);
- (e) The Gold Doré Purchase and Financing Arrangement dated July 15, 2016 between Twangiza Mining S.A. and Baiyin, as evidenced by a promissory note in the amount of US\$5 million dated July 1, 2016 and a promissory note in the amount of US\$5 million dated September 1, 2016, as amended or restated from time to time (the “**Doré Loan**”);
- (f) The obligations under the Indenture dated as of April 19, 2017 among Banro, TSX Trust Company as agent and The Bank of New York Mellon as US Trustee (the “**Senior Secured Notes**”); and

- (g) The Gold Purchase and Sale Agreement dated as of July 12, 2017 between Namoya Gold Forward Holdings II LLC (a Gramercy affiliate), Baiyin, Banro and Namoya Mining S.A., as amended or restated from time to time (“**Namoya Forward II Agreement**”).
30. In summary, subject to standard assumptions and qualifications, the security opinion of McMillan LLP² concludes that the Collateral Agent has validly perfected security, effective as against a trustee in bankruptcy, over the assets of Banro as set out in the Documents other than with respect to the Doré Loan.
31. In respect of the Doré Loan, Banro is not an obligor under the Doré Loan, nor has it executed a guarantee in favour of Baiyin guaranteeing the obligations under the Doré Loan. The Personal Property Security Act (Ontario) provides that a security interest granted to secure the indebtedness of a third party can constitute a valid security interest in collateral, notwithstanding the absence of an independent payment or performance obligation of the grantor in favour of the secured party. However, the definition of “secured creditor” under both the *Bankruptcy and Insolvency Act* and the CCAA limits the scope of persons who may be secured creditors to holders of a security interest in property of the debtor “as security for indebtedness of the debtor”. Therefore, absent an independent obligation between Banro and Baiyin, the security interest granted in respect of the Doré Loan would not be effective as against a trustee in bankruptcy of Banro and Baiyin would not constitute a “secured creditor” in respect of the Doré Loan for the purposes of the CCAA.
32. The Monitor is awaiting the security opinion from Barbados counsel and will provide the results thereof in a subsequent report.³

² The security opinion of McMillan LLP is limited to matters of Ontario law and the applicable federal laws of Canada.

³ The security opinion of Lex Caribbean will be limited to matters of Barbados law.

REQUEST FOR THE SISP ORDER

33. Capitalized terms used in this section of this report not otherwise defined are as defined in the SISP, a copy of which is attached hereto as **Appendix B**.

THE SISP

34. The property that is available for sale pursuant to the SISP is comprised of all property, assets and undertaking of the Banro Group. The purpose of the SISP is to solicit proposals for an Alternative Transaction that may constitute a Successful Bid and where no Successful Bid is obtained, to provide for the completion of the Recapitalization.
35. The Successful Bid is defined as “the highest or otherwise most favourable Qualified Alternative Transaction Bid⁴”. A Qualified Alternative Transaction Bid must satisfy the criteria set out in paragraph 24 of the SISP, including providing for the Qualified Consideration. As defined in the SISP, Qualified Consideration means “(i) cash consideration sufficient to indefeasibly repay all DIP Obligations; plus (ii) cash consideration sufficient to indefeasibly pay all Priority Claims; plus (iii) cash consideration sufficient to indefeasibly repay not less than 75% of the aggregate principal amount outstanding under the Affected Parity Lien Debt; plus (iv) cash consideration sufficient to indefeasibly repay all amounts due under the Stream Agreements or treatment of the Stream Agreements on the same terms as the Recapitalization.”.
36. Priority Claims means all claims ranking in priority to the DIP Obligations or the Affected Parity Lien Debt. Pursuant to the Collateral Trust Agreement, claims ranking in priority to the Affected Lien Parity Debt include the obligations under the Namoya Forward I Agreement, the obligations under the Twangiza Forward I Agreement and the obligations under the Gold Purchase & Sale Agreement dated July 12, 2017 among Baiyin, Banro and Twangiza Mining S.A. (the “**Twangiza Forward II Agreement**”).

⁴ Which may be comprised of multiple Qualified Alternative Transaction Bids which, when taken together, will constitute the highest or otherwise most favourable Qualified Alternative Transaction Bid.

37. As noted earlier in this Report, the Namoya Forward I Agreement and the Twangiza Forward I Agreement are secured as against Banro. The Twangiza Forward II Agreement is not secured as against Banro, however as the DRC Subsidiaries are not affected by the CCAA Proceedings, the obligations of Twangiza Mining S.A. under the Twangiza Forward II Agreement could not be compromised in the CCAA Proceedings, giving the Twangiza Forward II Agreement structural priority over unsecured claims against the Applicants.
38. The Affected Parity Lien Debt comprises debt that is being compromised under the terms of the proposed Recapitalization Plan. The Affected Parity Lien Debt that is being compromised under the Recapitalization plan is:
 - (a) The obligations outstanding under the Senior Secured Notes;
 - (b) The obligations under the Doré Loan; and
 - (c) The obligations under the Namoya Forward II Agreement.
39. As noted above, the obligations under the Senior Secured Notes and the Namoya Forward II Agreement are secured as against the Applicants. The obligations under Doré Loan are not secured as against the Applicants, however as the DRC Subsidiaries are not affected by the CCAA Proceedings, the obligations of Twangiza Mining S.A. under the Doré Loan could not be compromised in the CCAA Proceedings, giving the Doré Loan structural priority over unsecured claims against the Applicants. Furthermore, under the terms of the Collateral Trust Agreement, all parity and priority lien holders have agreed that the Doré Loan constitutes a Parity Lien Obligation.
40. As noted above, the obligations under the Stream Agreements are secured as against the Applicants.
41. The Monitor, in consultation with the Applicants, is working with Baiyin and Gramercy to agree on the estimated amount of the Qualified Consideration which estimate will be provided in the VDR.
42. An Alternative Transaction may be either a Plan Transaction or a Sale Transaction.

43. The key aspects of the SISP are summarized as follows:
- (a) Banro and the Monitor shall prepare the Potential Bidders List, the Teaser and the CIM and shall establish the VDR. In addition, Banro shall issue a press release setting out relevant information regarding the SISP for dissemination in Canada, major financial centres in the United States and such other international locations as the Monitor and Banro may determine to be reasonably appropriate;
 - (b) Each Potential Bidder that executes an NDA and a SISP Acknowledgement (a “**Qualified Phase 1 Bidder**”) will be provided a copy of the CIM and access to the VDR upon request;
 - (c) Each Qualified Phase 1 Bidder wishing to be eligible to submit an Alternative Transaction Bid shall submit a non-binding letter of intent (each, an “**LOI**”) to Banro with a copy to the Monitor to be received by them no later than 12:00 p.m. Eastern Standard Time on March 2, 2018, or such later date or time as may be agreed by Banro and the Monitor with the consent of the DIP Lender (the “**LOI Deadline**”);

- (d) Banro, in consultation with the Monitor and the Conforming DIP Lenders⁵, shall determine if each LOI could form the basis of a Qualified Alternative Transaction Bid. If Banro, with the assistance of the Monitor and after consultation with the DIP Lender, determines that a LOI could form the basis of a Qualified Alternative Transaction Bid, the Monitor shall inform the Qualified Phase 1 Bidder that submitted such LOI of Banro's determination and each such Qualified Phase 1 Bidder shall be entitled to submit an Alternative Transaction Bid by the Bid Deadline in accordance with these SISP Procedures. If Banro, with the consent of the Monitor or further Order of the Court and after consultation with the Conforming DIP Lender, determines that none of the LOIs received could form the basis of a Qualified Alternative Transaction Bid, the SISP shall be terminated and Banro will proceed to complete the Recapitalization Transaction;
- (e) A Qualified Bidder may deliver an Alternative Transaction Bid to Banro with a copy to the Monitor, by no later than 12:00 p.m. Eastern Standard Time on April 9, 2018, or such other later date or time as may be agreed by Banro and the Monitor with the consent of the DIP Lenders (the "**Bid Deadline**");
- (f) Following the Bid Deadline, Banro and the Monitor, in consultation with the Conforming DIP Lenders, will assess the Alternative Transaction Bids received by the Bid Deadline and determine whether such bids constitute Qualified Alternative Transaction Bids. If so, Banro, in consultation with the Monitor and the Conforming DIP Lenders, may take one or more of the following steps:
- (i) Identify the Successful Bid;

⁵ Gramercy and Baiyin, as DIP Lenders shall only be entitled to receive copies of the bids received provided that both Gramercy and Baiyin (in their capacity as DIP Lenders and sponsors of the Recapitalization) each confirm to the Applicants and the Monitor that they will not submit any other proposal other than the Recapitalization transaction and shall not amend the terms of the Recapitalization Transaction (a "**Conforming DIP Lender**").

- (ii) If multiple Qualified Alternative Transaction Bids are competitive, request that certain Qualified Bidders who have submitted Qualified Alternative Transaction Bids revisit their proposals; or
 - (iii) Commence an auction process with respect to multiple Qualified Alternative Transaction Bids to identify a Successful Bid, pursuant to procedures approved by Banro and the Monitor, with the consent of the Conforming DIP Lenders or further Order of the Court;
 - (g) Once a Successful Bid has been selected, Banro, with the assistance of the Monitor, shall negotiate and settle the terms and conditions of a Definitive Agreement in respect of a Successful Bid and shall seek Court approval thereof.
44. The SISP includes requirements for Banro to consult with the Monitor throughout the process. No amendments shall be made to the SISP without the consent of Banro, the Monitor and the DIP Lender, or further Order of the Court.

THE MONITOR'S COMMENTS AND RECOMMENDATION

45. Each of Gramercy and Baiyin has, in their capacity as DIP Lenders and sponsors of the Recapitalization, confirmed to the Applicants and the Monitor that they will not submit any other proposal other than the Recapitalization Transaction and shall not amend the terms of the Recapitalization Transaction. Accordingly, each of Gramercy and Baiyin is a Conforming DIP Lender.
46. The SISP, including the requirement that a Successful Bid pay the Qualified Consideration, is intended to test the market to determine whether a higher or better offer than the Recapitalization Transaction contemplated under the Support Agreement is available.
47. The Monitor has considered the SISP in light of the principles of section 36 of the CCAA and the leading decisions dealing with the sale of assets in court-supervised proceedings. The Monitor is of the view that:

- (a) The SISP provides for a broad, open, fair and transparent process with an appropriate level of independent oversight;
 - (b) The SISP should encourage and facilitate bidding by interested parties and that no aspect of the SISP should discourage parties from submitting bids; and
 - (c) The timelines and requirements of the SISP are commercially reasonable in the circumstances.
48. In addition, the Monitor was involved in the development of the SISP and is of the view that the SISP is reasonably consistent with sale and investor solicitation processes approved by the Court in other CCAA cases.
49. Accordingly, the Monitor respectfully recommends that the Applicants' request for approval of the SISP be granted.

REQUEST FOR PRIORITY OF CCAA CHARGES

50. The Initial Order created the CCAA Charges with the following priorities as amongst themselves:
- (a) First – the Administration Charge, to the maximum amount of C\$1,500,000;
 - (b) Second – the DIP Lender's Charge; and
 - (c) Third – the Directors' Charge, to the maximum amount of \$3,200,000.
51. Pursuant to paragraph 43 of the Initial Order, the CCAA Charges were granted priority over all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person, except for Encumbrances the holders of which did not receive notice of the application for the Initial Order.

52. Also pursuant to paragraph 43 of the Initial Order, the Applicants were granted leave to bring a motion at the Comeback Date to have the CCAA Charges rank ahead of all such Encumbrances, on notice to the holders thereof.
53. The Applicants now seek priority for the CCAA Charges ahead of all Encumbrances on notice to affected parties.
54. The beneficiaries of the Administration Charge are the Monitor, the Monitor's counsel and counsel to the Applicants. The Monitor is of the view that the beneficiaries of the Administration Charge are, and will be, undertaking a necessary and integral role in the CCAA Proceedings, which CCAA Proceedings will benefit the stakeholders.
55. The DIP Lenders' Charge secures the DIP Obligations and does not secure any obligation that existed before the date of the Initial Order. The granting of the Interim Facility Priority Order is a condition precedent to funding under the Interim Financing Term Sheet. As shown in the January 11 Forecast, such funding is required in order for the Applicants to continue operations.
56. The Directors' Charge secures an indemnity in favour of the directors and officers of the Applicants against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the CCAA Proceedings, except to the extent that, with respect to any individual, the obligation or liability was incurred as a result of the individual's gross negligence or wilful misconduct.
57. It is the Monitor's view that the continued support and service of the directors and officers during the CCAA Proceedings would be beneficial to the Applicants efforts to undertake the SISF and either complete a Successful Bid or implement the Recapitalization Plan. The Monitor has been informed that the unconflicted directors and officers⁶ will not continue to serve unless the requested priority for the Director' Charge is granted.

⁶ Gramercy and Baiyin each have one nominee director on the Banro board. Resignation of all of the unconflicted directors could leave Banro without a Board capable of directing the restructuring as the nominee directors may be in a position of conflict of interest with respect to restructuring matters given Baiyin and Gramercy's significant

58. Based on searches carried out by the Applicants' counsel, the only known potential secured creditor whose claims would be subordinated to the CCAA Charges if the Applicants' request for priority for the CCAA Charges is granted is the Collateral Agent.
59. The Restructuring Term Sheet does not purport to affect any creditor of the Applicants ranking in priority to the Affected Parity Lien Debt. Pursuant to the SISP, Successful Bid must, *inter alia*, provide for cash consideration to pay all claims ranking in priority to the Affected Parity Lien Debt. Accordingly, the Monitor is of the view that the secured creditors that would be subordinated to the CCAA Charges will benefit from the CCAA Proceedings.
60. The Monitor also notes that claims would only be made on the Administration Charge in the event that the Applicants fail to pay the accounts of the beneficiaries and that payment of such accounts is provided for in the Interim Facility Term Sheet and in the January 11 Forecast.
61. The Monitor further notes that claims would only be made on the Directors' Charge in the event that:
 - (a) the Applicants fail to pay liabilities that fall due after the commencement of the CCAA Proceedings and that could give rise to potential liability for directors; and
 - (b) any such amounts are not covered under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 24 of the Initial Order.
62. Accordingly, the Monitor respectfully recommends that the Applicants' request for priority for the CCAA Charges be granted by the Court.

creditor and shareholder positions. Resignation of the officers of the Applicants could adversely affect the Applicants' ability to undertake the actions contemplated in the SISP and the CCAA Proceedings generally.

REQUEST FOR AN EXTENSION OF THE STAY PERIOD

63. The Stay Period currently expires on January 19, 2018. Additional time is required for the Applicants and the Monitor to implement the SISP and either:
 - (a) If no letter of intent that could form the basis of a Qualified Alternative Transaction Bid is received by March 2, 2018, proceed, subject to the Court issuing the Claims Procedure Order and the Meetings Order, with the steps necessary for the implementation of the Recapitalization Plan; or
 - (b) Proceed with the second phase of the SISP in order to try and obtain one or more Qualified Alternative Transaction Bids.
64. The continuation of the stay of proceedings is necessary to provide the stability needed to complete the foregoing activities. Accordingly, the Applicants now seek an extension of the Stay Period to March 30, 2018.
65. As shown in the January 11 Forecast, assuming the Funding Conditions under the Interim Financing Term Sheet are met, including the Baiyin Regulatory Approval, the Applicants should have sufficient liquidity to fund the CCAA Proceedings during the requested extension of the Stay Period.
66. Based on the information currently available, the Monitor believes that creditors of the Applicants would not be materially prejudiced by an extension of the Stay Period to March 30, 2018.
67. The Monitor also believes that the Applicants have acted, and are acting, in good faith and with due diligence and that circumstances exist that make an extension of the Stay Period appropriate.
68. The Monitor therefore respectfully recommends that this Honourable Court grant the Applicants' request for an extension of the Stay Period to March 30, 2018.

The Monitor respectfully submits to the Court this, its First Report.

Dated this 15th day of January, 2018.

FTI Consulting Canada Inc.

In its capacity as Monitor of

Banro Corporation, Banro Group (Barbados) Limited, Banro Congo (Barbados) Limited,
Namoya (Barbados) Limited, Lugushwa (Barbados) Limited,
Twangiza (Barbados) Limited and Kamituga (Barbados) Limited



Nigel D. Meakin
Senior Managing Director



Toni Vanderlaan
Senior Managing Director

Appendix A

The January 11 Forecast

BANRO CORP AND BANRO GROUP (BARBADOS) LIMITED AND THE BGB SUBSIDIARIES

Cash Flow Forecast

(USD\$ in thousands)

Week Beginning (Monday)	8-Jan-18	15-Jan-18	22-Jan-18	29-Jan-18	5-Feb-18	12-Feb-18	19-Feb-18	26-Feb-18	5-Mar-18	12-Mar-18	19-Mar-18	26-Mar-18	2-Apr-18	9-Apr-18	16-Apr-18	23-Apr-18	Total
Week Ending (Sunday)	14-Jan-18	21-Jan-18	28-Jan-18	4-Feb-18	11-Feb-18	18-Feb-18	25-Feb-18	4-Mar-18	11-Mar-18	18-Mar-18	25-Mar-18	1-Apr-18	8-Apr-18	15-Apr-18	22-Apr-18	29-Apr-18	
	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	
RECEIPTS																	
Gold Receipts from DRC Entity Sales	-	6,955	-	7,723	-	7,326	-	7,046	-	7,064	-	8,091	-	8,171	-	8,728	61,104
TOTAL RECEIPTS	-	6,955	-	7,723	-	7,326	-	7,046	-	7,064	-	8,091	-	8,171	-	8,728	61,104
DISBURSEMENTS																	
Payroll	-	-	600	100	-	-	600	-	100	-	1,260	100	100	-	-	600	3,460
Total Headquarter Expenses	80	-	120	230	150	-	-	350	100	200	-	400	100	200	-	400	2,330
Total Banro Corp Disbursements	80	-	720	330	150	-	600	350	200	200	1,260	500	200	200	-	1,000	5,790
TORONTO OPERATING CASH FLOWS	(80)	6,955	(720)	7,393	(150)	7,326	(600)	6,696	(200)	6,864	(1,260)	7,591	(200)	7,971	-	7,728	55,314
Restructuring Fees	62	308	308	1,383	423	398	359	340	365	350	398	423	365	350	398	423	6,650
Interest on DIP Funding	-	-	7	14	21	21	21	23	32	32	35	35	41	41	41	41	405
NET CASH FLOWS FOR BANRO CORP, BGB AND BGB SUBSIDIARIES	(142)	6,647	(1,035)	5,997	(593)	6,908	(980)	6,333	(597)	6,482	(1,692)	7,134	(606)	7,580	(439)	7,264	48,259
Payments for DRC Entities	1,725	4,989	1,250	4,414	2,925	2,154	750	3,711	2,675	1,904	750	2,534	2,675	1,904	750	2,404	37,514
Cash Repatriation to DRC Entities	500	3,330	-	4,075	200	3,297	150	3,821	-	3,299	250	4,141	-	3,797	250	4,428	31,537
Reserve Fund Repayments / (Draws)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW TO DRC ENTITIES	2,225	8,319	1,250	8,489	3,125	5,451	900	7,532	2,675	5,203	1,000	6,675	2,675	5,701	1,000	6,832	69,051
NET CASH INFLOW (OUTFLOW) - BANRO CORP, BGB AND BGB SUBSIDIARIES	(2,367)	(1,671)	(2,285)	(2,493)	(3,718)	1,457	(1,880)	(1,199)	(3,272)	1,279	(2,692)	459	(3,281)	1,879	(1,439)	433	(20,792)
CASH - BANRO CORP, BGB AND BGB SUBSIDIARIES																	
Beginning Balance	6,202	3,835	2,164	2,879	3,387	2,668	4,125	2,245	2,046	2,774	4,053	2,361	2,820	2,538	4,417	2,978	6,202
Net Cash Inflows / (Outflows)	(2,367)	(1,671)	(2,285)	(2,493)	(3,718)	1,457	(1,880)	(1,199)	(3,272)	1,279	(2,692)	459	(3,281)	1,879	(1,439)	433	(20,792)
DIP Funding	-	-	3,000	3,000	3,000	-	-	1,000	4,000	-	1,000	-	3,000	-	-	-	18,000
Other (Incl. FX Impact)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ENDING CASH - BANRO CORP, BGB AND BGB SUBSIDIARIES	3,835	2,164	2,879	3,387	2,668	4,125	2,245	2,046	2,774	4,053	2,361	2,820	2,538	4,417	2,978	3,410	3,410

Notes to the Cash Flow

1. The purpose of this cash flow projection is to determine the liquidity requirements of Banro Corp, BGB and the BGB subsidiaries during the forecast period.
2. The cashflow has been revised to reflect the restart of operations at the Namoya mine.
3. Gold receipts from DRC entities is based on the forecast sale of produced gold ounces from the DRC mining operations at \$1,275 per ounce.
4. Forecasts for the ounces have gold production have been provided by management of Banro and the DRC entities.
5. Payroll includes the salaries and benefits for the Toronto head office staff and the proportion of the salary and benefits of Banro Corp employees who report to work in the DRC and is paid monthly.
6. Total Headquarters Expense includes lease and operating costs of the Toronto head office location.
7. Restructuring fees include the legal and professional fees of the special committee including their counsel, the monitor and it's counsel, as well as counsel to the DIP Lenders.
8. Interest on the DIP Funding is in accordance with the DIP Term Sheet.
9. Payments for the DRC entities relates to payments made by head office in respect of obligations incurred in the DRC.
10. Cash repatriation to the DRC entities is in accordance regulatory requirements of the DRC.
11. DIP Funding has been calculated based on the projected cash requirements of Banro Corp, BGB and the Barbados Subsidiaries.

Appendix B

The SISP

Procedures for the Sale and Investment Solicitation Process

1. On December 22, 2017, Banro Corporation (“**Banro**”) and its direct and indirect subsidiaries, Banro Group (Barbados) Limited (“**BGB**”), Banro Congo (Barbados) Limited, Namoya (Barbados) Limited, Lugushwa (Barbados) Limited, Twangiza (Barbados) Limited, and Kamituga (Barbados) Limited (collectively, with Banro and BGB, the “**Applicants**”) obtained an initial order (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act* (“**CCAA**”) from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”).
2. The Initial Order authorizes and approves the Applicants entering into an Interim Financing Term Sheet dated as of December 21, 2017 (the “**DIP Term Sheet**”) for the provision of a senior secured super priority (debtor-in-possession), interim, non-revolving credit facility (the “**DIP Facility**”) from Gramercy and Baiyin (together with and any permitted assignees, the “**DIP Lender**”). A copy of the DIP Term Sheet is attached at Exhibit “N” to the Affidavit of Rory James Taylor sworn on December 22, 2017 (the “**Taylor Affidavit**”) a copy of which is available at www.cfcanada/fticonsulting.com/banro (the “**Case Website**”).
3. The DIP Term Sheet contemplates Banro completing the Sale and Investment Solicitation Process (“**SISP**”) set forth herein.
4. The purpose of the SISP is to solicit proposals for an Alternative Transaction that may constitute a Successful Bid and where no Successful Bid is obtained, to provide for the completion of the Recapitalization (each as defined below).
5. Set forth below are the procedures (the “**SISP Procedures**”) to be followed with respect to the SISP and, if applicable, following determination of a Successful Bid, to complete the transaction contemplated thereby.

Defined Terms

6. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Initial Order. In addition, capitalized terms used in these SISP Procedures shall have the meanings set out in Appendix “A”.

Solicitation Process and Timeline

7. The SISP Procedures set forth herein describe the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the Banro Group, their businesses and operations (the “**Business**”) and their assets, undertakings and properties (collectively, the “**Property**”), the manner in which a bid becomes a Qualified Alternative Transaction Bid, the receipt and negotiation of bids received, the ultimate selection of a Successful Bid, if any, and the approval thereof by the Court.
8. Banro shall implement these SISP Procedures with the assistance and supervision of the Monitor and, where specified, in consultation with the DIP Lender. In the event that there is disagreement as to the interpretation or application of these SISP Procedures, the Court will have jurisdiction to hear and resolve any such dispute.
9. The following table sets out the key milestones under this SISP, subject to extension by Banro pursuant to and in accordance with these SISP Procedures:

Milestone	Deadline
Commencement of SISP	January 22, 2018
LOI Bid Deadline	March 2, 2018
Bid Deadline	April 9, 2018

Solicitation of Interest

10. As soon as reasonably practicable, and in no event later than January 22, 2018, Banro and the Monitor shall (a) prepare a list of potential bidders, including strategic and financial parties, that may be interested in submitting an Alternative Transaction (a “**Potential Bidder**”); (b) prepare a summary teaser describing the opportunity to participate in the SISP and an overview of the SISP Procedures (the “**Teaser Letter**”); (c) prepare a confidential information memorandum (“**CIM**”) with respect to the opportunity, if appropriate; and (d) establish a data room (the “**Data Room**”) of due diligence materials (the CIM and the materials in the Data Room collectively being the “**Diligence Materials**”) that Banro and the Monitor believe may be useful for Potential Bidders. At the same time, Banro shall issue a press release setting out relevant information regarding the SISP with Canada Newswire and such other major news-outlets for dissemination in Canada, major financial centres in the United States and such other international locations as the Monitor and Banro may determine to be reasonably appropriate.

11. As soon as reasonably practicable, the Monitor shall contact the Potential Bidders to introduce the opportunity, provide copy of the Teaser Letter to any Potential Bidder that requests a copy thereof and shall post a copy of the SISP and the Teaser Letter on the Case Website.

Due Diligence Access

12. In order to participate in the SISP and be granted access to the Diligence Materials by a Potential Bidder must deliver to Banro with a copy to the Monitor, at the addresses specified in **Appendix “B”** hereto (including by email): (i) an executed confidentiality agreement in form and substance satisfactory to Banro and the Monitor (“**Confidentiality Agreement**”), and (ii) an executed acknowledgement of these SISP Procedures, in form and substance satisfactory to Banro and the Monitor (“**SISP Acknowledgement**”).

13. All Potential Bidders that have provided an executed a Confidentiality Agreement and an executed SISP Acknowledgment shall be deemed to be a qualified phase 1 bidder (a “**Qualified Phase 1 Bidder**”) and will be promptly notified of such classification by the Monitor. Qualified Phase 1 Bidders shall be provided with a copy of the CIM, if applicable, and access to the Data Room. Banro and the Monitor make no representation or warranty as to the accuracy or completeness of the information contained in the Teaser Letter or the Diligence Materials, except to the extent expressly provided in any definitive sale or investment agreement executed and delivered by Banro (a “**Definitive Agreement**”).

14. Banro, in consultation with the Monitor, reserves the right to withhold any Diligence Materials that Banro determines, in its sole discretion, is business sensitive or otherwise not appropriate for disclosure to a Potential Bidder who is a competitor or customer of any member of the Banro Group or is affiliates with any competitor or customer of any member of the Banro Group.

15. In respect of information requests or any other matters concerning a possible Alternative Transaction and this SISP, Potential Bidders and/or Qualified Bidders must only communicate with Banro and the Monitor or with such other individual or individuals as Banro, in consultation with the Monitor, may authorize in writing. Without the prior written consent of Banro, in

consultation with the Monitor, no Prospective Bidders and/or Qualified Bidders or representatives thereof may initiate or cause to be initiated or maintain any communication with a member of any government, government representative, director, agent, employee, affiliate, creditor, shareholder, customer or supplier of the Banro Group concerning Banro or its Business, assets, operations, prospects or finances, or any matters relating to a possible Alternative Transaction.

LOI Submissions

16. Each Qualified Phase 1 Bidder wishing to be eligible to submit an Alternative Transaction Bid shall submit a non-binding letter of intent (each, a “**LOI**”) to Banro with a copy to the Monitor at the addresses specified in **Appendix “B”** hereto (including by email) so as to be received by them no later than 12:00 p.m. (Eastern Standard Time) on March 2, 2018, or such later date or time as may be agreed by Banro and the Monitor with the consent of the DIP Lender (the “**LOI Deadline**”).

17. Each LOI shall include the following information on the Qualified Bidder’s proposed Alternative Transaction: (a) the amount of, and details regarding the form of, consideration for the Alternative Transaction in U.S. Dollars; (b) a specific indication of the expected structure of the Alternative Transaction and the financing needed to consummate the Alternative Transaction; (c) the key terms and provisions to be included in any order of the Court approving the Alternative Transaction; (d) an outline of any additional Diligence Materials or due diligence required to be conducted in order to submit an Alternative Transaction Bid; (e) preliminary evidence satisfactory to Banro and the Monitor of such person’s financial wherewithal to consummate an Alternative Transaction; (f) any other terms or conditions that the Qualified Bidder considers material; (g) specific information as to how the Qualified Bidder intends to satisfy the requirements for a Qualified Alternative Transaction Bid set forth in paragraph 24 hereof, and (h) any other information that may be requested by the Company or the Monitor, after consultation with the DIP Lender, prior to the LOI Deadline.

18. Without limiting the foregoing, each LOI shall also include:

- (a) in the case of a Sale Transaction, identification of the shares owned by any one or more of the Applicants proposed to be acquired and any liabilities of the Applicants proposed to be assumed; or
- (b) in the case of a Plan Transaction, details regarding the proposed equity and debt structure of the Banro Group following completion of the proposed transaction, the direct or indirect investment target and the aggregate amount of equity and debt investment (including the sources of such capital, the underlying assumptions regarding the pro forma capital structure, as well as anticipated tranches of debt, debt service fees, interest and amortization) to be made in the Banro Group, the debt, equity or other securities, if any, proposed to be allocated to any secured or unsecured creditors of the Applicants, the terms of repayment of the DIP Obligations, the Priority Claims, the Affected Parity Lien Debt and whether and what portion, if any, of the secured and unsecured creditors of the Applicants will be paid in cash or other consideration.

19. A LOI also must also fully disclose the identity of each person (including any person that controls such person) that will be directly or indirectly sponsoring, participating in or financing the Alternative Transaction and the complete terms of any such sponsorship, participation or financing.

Assessment of LOIs

20. Banro or the Monitor shall provide to the DIP Lender copies of all the LOIs received, provided that both Gramercy and Baiyin (in their capacity as DIP Lenders and sponsors of the Recapitalization) each confirm to Banro and the Monitor in writing that they shall not submit any other proposal other than the Recapitalization Transaction and shall not amend the terms of the Recapitalization Transaction to provide greater consideration or value than what is currently provided for therein (a “**Conforming DIP Lender**”).

21. Banro, in consultation with the Monitor and the Conforming DIP Lender, shall review each LOI received by the LOI Deadline. Banro shall determine in its business judgment, with the assistance of the Monitor, if each LOI could form the basis of a Qualified Alternative Transaction Bid. If Banro, with the assistance of the Monitor and after consultation with the Conforming DIP Lender, determines that an LOI could not form the basis of a Qualified Alternative Transaction Bid, Banro and the Monitor may refuse to provide any further Diligence Materials to the Qualified Phase 1 Bidder and such Qualified Phase 1 Bidder shall not be eligible to submit an Alternative Transaction Bid. If Banro, with the consent of the Monitor or further Order of the Court and after consultation with the Conforming DIP Lender, determines that none of the LOIs received could form the basis of a Qualified Alternative Transaction Bid, Banro shall give notice to Qualified Phase 1 Bidders that this SISP is terminated and that Banro will proceed to complete the Recapitalization.

22. If Banro, with the assistance of the Monitor and after consultation with the DIP Lender, determines that a LOI could form the basis of a Qualified Alternative Transaction Bid, the Monitor shall inform the Qualified Phase 1 Bidder that submitted such LOI of Banro’s determination and each such Qualified Phase 1 Bidder shall be entitled to submit an Alternative Transaction Bid in accordance with these SISP Procedures. If the Conforming DIP Lender, acting reasonably, advises Banro and the Monitor that it does not agree that any of the LOIs received could form the basis of a Qualified Alternative Transaction Bid, Banro may either (i) with the consent of the Monitor, elect to terminate this SISP (and provide notice thereof to Qualified Bidders) and proceed to complete the Recapitalization, or (ii) seek further direction from the Court.

Alternative Transaction Bids

23. A Qualified Bidder that is determined in accordance with paragraph 22 hereof to be eligible to submit an Alternative Transaction Bid (a “**Qualified Bidder**”) may deliver written copies of a binding offer or proposal for an Alternative Transaction (an “**Alternative Transaction Bid**”) to Banro with a copy to the Monitor at the addresses specified in **Appendix “B”** hereto (including by email) so as to be received by them no later than 12:00 p.m. (Eastern Standard Time) on April 9, 2018, or such other later date or time as may be agreed by Banro and the Monitor with the consent of the DIP Lenders (the “**Bid Deadline**”).

24. An Alternative Transaction Bid will be deemed to be a “**Qualified Alternative Transaction Bid**” only if the Alternative Transaction Bid complies with all of the following:

(a) it includes:

(i) in the case of a Sale Transaction, an executed Definitive Agreement, including all exhibits and schedules contemplated thereby (other than exhibits and schedules that by their nature must be prepared by Banro), together with a blackline against the draft form of Definitive Agreement which shall be prepared by Banro with the assistance of the Monitor and

posted in the Data Room, describing the terms and conditions of the proposed transaction, including identification of the shares owned by any one or more of the Applicants proposed to be acquired and any liabilities proposed to be assumed, the purchase price for such shares expressed in U.S. Dollars (the "**Purchase Price**"), and the structure and financing of the proposed transaction; or

- (ii) in the case of a Plan Transaction, an executed Definitive Agreement, including all exhibits and schedules contemplated thereby (other than exhibits and schedules that by their nature must be prepared by Banro), together with a blackline against the draft form of Definitive Agreement which shall be prepared by Banro with the assistance of the Monitor and posted in the Data Room, describing the terms and conditions of the proposed transaction, including details regarding the proposed equity and debt structure of the Banro Group following completion of the proposed transaction, the direct or indirect investment target and the aggregate amount of equity and debt investment (including the sources of such capital, the underlying assumptions regarding the pro forma capital structure, as well as anticipated tranches of debt, debt service fees, interest and amortization) to be made in the Banro Group, the debt, equity or other securities, if any, proposed to be allocated to any secured or unsecured creditors of the company, the terms of repayment of the DIP Obligations, the Priority Claims, the Note Obligations and the Affected parity Lien Debt, and whether and what portion, if any, of the other secured and unsecured creditors of the Applicants will be paid in cash;
- (b) clearly demonstrates that the Qualified Consideration will be received by Banro at closing without any deduction, set-off or other adjustment.
- (c) it fully discloses the identity of each person (including any person that controls such person) that will be directly or indirectly sponsoring or participating in the Alternative Transaction Bid and the complete terms of any such sponsorship or participation;
- (d) it fully discloses any regulatory and third-party approvals required to consummate the Alternative Transaction Bid and the time period within which the Qualified Bidder expects to receive such regulatory and third-party approvals, and those actions that the Qualified Bidder will take to ensure receipt of such approvals as promptly as possible;
- (e) it does not include any request for or entitlement to any break or termination fee, expense reimbursement or similar type of payment;
- (f) it includes a letter stating that the offer is irrevocable until the earlier of (i) the approval of the Recapitalization or a Successful Bid by the Court and (ii) thirty (30) calendar days following the Bid Deadline (the "**Irrevocable Bid Date**"), provided that if such bidder's Alternative Transaction Bid is selected as a Successful Bid, its bid shall remain irrevocable until the closing of the transaction;
- (g) it includes written evidence, in form and substance reasonably satisfactory to Banro and the Monitor, of a firm commitment for all required financing, or other evidence of the financial ability to consummate the proposed transaction, that will allow Banro and the Monitor, in consultation with the Conforming DIP Lender, to

make a reasonable determination as to the Qualified Bidder's financial and other capabilities to consummate the transaction contemplated by the Alternative Transaction Bid;

- (h) it is not conditioned on (i) the outcome of unperformed due diligence and/or (ii) obtaining financing;
- (i) it includes an acknowledgement and representation that the Qualified Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property to be acquired and liabilities to be assumed in making its bid; and (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the Business, the Property to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly provided in a Definitive Agreement;
- (j) it includes evidence, in form and substance reasonably satisfactory to Banro and the Monitor, of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid, and identifies any anticipated shareholder, regulatory or other approvals outstanding, and the anticipated time frame and any anticipated impediments for obtaining such approvals;
- (k) it is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the Monitor payable to the order of the Monitor, in trust, in an amount equal to 5% of the cash consideration in the Alternative Transaction Bid which Deposit is to be held and dealt with in accordance with these SISP Procedures;
- (l) it includes a commitment to close the transactions contemplated by the Alternative Transaction Bid by no later than April 30, 2018 (the "**Outside Date**");
- (m) it contains such other information as may reasonably be requested by Banro or the Monitor, in consultation with the Conforming DIP Lender; and
- (n) it is received by the Bid Deadline.

Review of Alternative Transaction Bid(s)

25. Following the Bid Deadline, Banro or the Monitor shall distribute copies of the Alternative Transaction Bids received to the Conforming DIP Lender. Banro and the Monitor, in consultation with the Conforming DIP Lender, will assess the Alternative Transaction Bids received by the Bid Deadline and determine whether such bids constitute Qualified Alternative Transaction Bids. Banro, in consultation with the Monitor and the DIP Lender, may waive compliance with any one or more of the requirements specified herein other than the requirement set forth in sections 24(b) and 24(k), and deem such non-compliant bids to be Qualified Alternative Transaction Bids.

26. Banro, in consultation with the Monitor and the Conforming DIP Lender, also reserves the right to take one or more of the following steps: (i) identify the highest or otherwise most

favourable Qualified Alternative Transaction Bid(s) (the “**Successful Bid**”); (ii) request that certain Qualified Bidders who have submitted Qualified Alternative Transaction Bids revisit their proposals in the event that multiple Qualified Alternative Transaction Bids are competitive, or (iii) commence an auction process with respect to multiple Qualified Alternative Transaction Bids to identify a Successful Bid, pursuant to procedures approved by Banro and the Monitor, with the consent of the Conforming DIP Lender or further Order of the Court, that shall be distributed to Qualified Bidders selected by Banro, with the consent of the Monitor, to participate in such auction at least five (5) Business Days in advance of the proposed start time for the auction.

27. For greater certainty, Banro, in consultation with the Monitor and the Conforming DIP Lender, may select more than one Qualified Alternative Transaction Bid as a Successful Bid to the extent that, based on the nature of such Qualified Alternative Transaction Bids, multiple Qualified Alternative Transaction Bids when taken together will constitute the highest or otherwise most favourable Qualified Alternative Transaction Bid.

28. In the event that Banro, in consultation with the Monitor and the Conforming DIP Lender determines that no Qualified Alternative Transaction Bids are received or Banro determines in its business judgment not to select a Successful Bid, Banro shall give notice to Qualified Bidders that this SISP is terminated and Banro will proceed to complete the Recapitalization.

29. If Banro selects a Successful Bid, Banro, with the assistance of the Monitor, shall then proceed to negotiate and settle the terms and conditions of a Definitive Agreement in respect of a Successful Bid, all of which shall be conditional upon Court approval.

30. Once a Definitive Agreement has been negotiated and settled in respect of a Successful Bid, the person(s) who made the Successful Bid shall be the “**Successful Bidder**” hereunder.

Court Approval

31. Banro shall apply to the Court (the “**Approval Motion**”) for an order approving a Successful Bid and authorizing Banro (and/or any applicable member of the Banro Group) to enter into a Definitive Agreement with the Successful Bidder and any and all necessary further instruments and agreements with respect to the Successful Bid, as well as an order, in the case of a Sale Transaction, vesting title to purchased property in the name of the Successful Bidder.

32. The Approval Motion shall take place on or before April 27, 2018, but may be adjourned or postponed by Banro, with the consent of the Successful Bidder, the Monitor and the DIP Lender, to a later date as agreed between those parties.

33. All Qualified Alternative Transaction Bids (other than a Successful Bid) shall be deemed rejected on and as of the Irrevocable Bid Date.

34. Banro shall implement the Successful Bid or the Recapitalization, as applicable, by no later than the Outside Date or such other date as Banro, the Monitor and the DIP Lender may agree.

Deposits

35. All Deposits shall be retained by the Monitor and deposited in a trust account. If there is a Successful Bid, the Deposit paid by the Successful Bidder whose bid is approved at the Approval Motion shall be applied to the Purchase Price to be paid or investment amount to be made by the Successful Bidder upon closing of the approved transaction and will be non-refundable. The Deposits of Qualified Bidders not selected as a Successful Bidder shall be

returned to such bidders within five (5) Business Days of the date upon the earlier of the Irrevocable Bid Date or (ii) the date that this SISP is terminated.

Approvals

36. For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA, or any other statute or as otherwise required at law in order to implement or complete a Successful Bid.

No Amendment

37. There shall be no amendments to this SISP, including for greater certainty the process and procedures set out herein, without the consent of Banro, the Monitor and the DIP Lender or further Order of the Court.

“As Is, Where Is”

38. Any Alternative Transaction will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by any member of the Banro Group or the Monitor or any of their employees, agents or estates, except to the extent expressly provided under a Definitive Agreement with a Successful Bidder executed and delivered by Banro and/or any member of the Banro Group.

Free Of Any And All Claims And Interests

39. In the event of a sale of the some or all of the shares owned by one or more of the Applicants, to the extent permitted by law, all of the rights, title and interests of the applicable Applicants in and to such shares to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests on or against such shares (collectively, the “**Claims and Interests**”) pursuant to a Court order made under section 36(6) of the CCAA, such Claims and Interests to attach to the net proceeds of the sale of such shares (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in a Definitive Agreement with a Successful Bidder.

No Obligation to Conclude a Transaction

40. Banro has no obligation to agree to conclude an Alternative Transaction arising out of the SISP, and it reserves the right and unfettered discretion to reject any offer or other proposal made in connection with the SISP. In addition, at any time during these SISP Procedures, Banro, with the consent of the Monitor and the DIP Lender, or further Order of the Court may determine to terminate these SISP Procedures, and shall provide notice of such a decision to any Qualified Bidders.

Further Orders

41. At any time during the SISP, Banro and/or the Monitor may apply to the Court, following consultation with the DIP Lenders, for advice and directions with respect to the discharge of its powers and duties hereunder.

Banro Authority

42. Where under these SISF Procedures, a decision, determination, approval, consent, waiver or agreement is required from Banro, or that a matter must be satisfactory or acceptable to Banro, such decision, determination, approval, consent, waiver, agreement, satisfaction, acceptance or other action shall be determined by the Special Committee and shall be effective or shall have been obtained or satisfied, as the case may be, for the purposes of this SISF where the Special Committee, shall have confirmed its decision, determination, approval, consent, waiver, agreement, satisfaction, acceptance or other action, as the case may be, through Cassels. Any person shall be entitled to rely on any such decision, determination, approval, consent, waiver, agreement, satisfaction, acceptance or other action communicated by Cassels without any obligation to inquire into Cassels' authority to do so on behalf of the Banro and such communication shall be effective for all purposes of this SISF and the SISF Procedures.

Appendix “A” Definitions

“**Affected Parity Lien Debt**” has the meaning given to such term in the Restructuring Term Sheet.

“**Alternative Transaction**” means either a Plan Transaction (other than the Recapitalization) or a Sale Transaction.

“**Alternative Transaction Bid**” has the meaning given to such term in paragraph 23 hereof.

“**Applicants**” has the meaning given to such term in paragraph 1 hereof.

“**Approval Motion**” has the meaning given to such term in paragraph 31 hereof.

“**Baiyin**” means Baiyin International Limited and affiliates thereof within the direct or indirect control of Baiyin Nonferrous Group Company, Limited.

“**Banro**” has the meaning given to such term in paragraph 1 hereof.

“**Banro Group**” means, collectively, the Applicants and their direct and indirect subsidiaries as more particularly described in the Taylor Affidavit.

“**BGB**” has the meaning given to such term in paragraph 1 hereof.

“**Business Day**” means a day, other than a Saturday, Sunday, or a day on which banks in Toronto, Ontario are authorized or obligated by applicable law to close or otherwise are generally closed.

“**Bid Deadline**” has the meaning given to such term in paragraph 23 hereof.

“**Business**” has the meaning given to such term in paragraph 7 hereof.

“**Case Website**” has the meaning given to such term in paragraph 2 hereof.

“**Cassels**” means Cassels Brock & Blackwell LLP, legal counsel to the Applicants.

“**CCAA**” has the meaning given to such term in paragraph 1 hereof.

“**CIM**” has the meaning given to such term in paragraph 10 hereof.

“**Claims and Interests**” has the meaning given to such term in paragraph 39 hereof.

“**Confidentiality Agreement**” has the meaning given to such term in paragraph 12 hereof.

“**Conforming DIP Lender**” has the meaning given to such term in paragraph 20 hereof.

“**Court**” has the meaning given to such term in paragraph 1 hereof.

“**Data Room**” has the meaning given to such term in paragraph 10 hereof.

“**Definitive Agreement**” has the meaning given to such term in paragraph 13 hereof.

“**Deposit**” has the meaning given to such term in paragraph 24(k) hereof.

“**Diligence Materials**” has the meaning given to such term in paragraph 10 hereof.

“**DIP Facility**” has the meaning given to such term in paragraph 2 hereof.

“**DIP Lender**” has the meaning given to such term in paragraph 2 hereof.

“**DIP Obligations**” means the aggregate of all amounts owing under the DIP Term Sheet.

“**DIP Term Sheet**” has the meaning given to such term in paragraph 2 hereof.

“**Dore Loan**” means the loan advanced under that letter agreement dated July 15, 2016 among Baiyin International Investment Ltd. and Twangiza Mining S.A. (as amended or restated from time to time).

“**Dore Obligations**” means the aggregate of all amounts owing under the Dore Loan.

“**Gramercy**” means Gramercy Funds Management LLC, as agent for and on behalf of certain of the funds and accounts for whom it acts as investment manager or advisor.

“**Initial Order**” has the meaning given to such term in paragraph 1 hereof.

“**Irrevocable Bid Date**” has the meaning given to such term in paragraph 24(f) hereof.

“**Monitor**” means FTI Consulting Canada Inc., in its capacity as Court-appointed monitor pursuant to the Initial Order, and not in its personal or corporate capacity.

“**Note Indenture**” means the New Senior Secured Note Indenture dated as of March 19, 2017;

“**Notes**” means the 10.00% senior secured notes due March 1, 2021 issued pursuant to the Note Indenture.

“**Note Obligations**” means the aggregate of all amounts owing under the Notes.

“**Plan Transaction**” means a restructuring, refinancing, recapitalization, workout or plan of compromise or arrangement or reorganization of, or in respect of, all or part of the Banro Group.

“**Potential Bidder**” has the meaning given to such term in paragraph 10 hereof.

“**Priority Claims**” mean all claims ranking in priority to: (i) the DIP Obligations; or (ii) the Affected Parity Lien Debt.

“**Property**” has the meaning given to such term in paragraph 7 hereof.

“Purchase Price” has the meaning given to such term in paragraph 24(a) hereof.

“Qualified Alternative Transaction Bid” has the meaning given to such term in paragraph 24 hereof.

“Qualified Bidder” has the meaning given to such term in paragraph 23 hereof.

“Qualified Consideration” means (i) cash consideration sufficient to indefeasibly repay all DIP Obligations; plus (ii) cash consideration sufficient to indefeasibly pay all Priority Claims; plus (iii) cash consideration sufficient to indefeasibly repay not less than 75% of the aggregate principal amount outstanding under the Affected Parity Lien Debt; plus (iv) cash consideration sufficient to indefeasibly repay all amounts due under the Stream Agreements or treatment of the Stream Agreements on the same terms as the Recapitalization.

“Qualified Phase 1 Bidder” has the meaning given to such term in paragraph 13 hereof.

“Recapitalization” means a recapitalization and restructuring of the Banro Group proposed by Baiyin and Gramercy in accordance with the terms and conditions set out in the Restructuring Term Sheet, to be consummated in the event that a Successful Bid is not obtained.

“Restructuring Term Sheet” means the term sheet attached hereto at Exhibit “●” to the Taylor Affidavit.

“Sale Transaction” means a sale of the common shares of certain members of the Banro Group that are held by Banro and/or BGB.

“SISP” has the meaning given to such term in paragraph 3 hereof.

“SISP Acknowledgement” has the meaning given to such term in paragraph 12 hereof.

“SISP Approval Order” means the Order of the Court approving these SISP Procedures.

“SISP Procedures” has the meaning given to such term in paragraph 5 hereof.

“Special Committee” means the Special Committee of the Board of Directors of Banro comprised entirely of independent directors of Banro.

“Stream Agreements” has the meaning given to such term in the Restructuring Term Sheet.

“Successful Bid” has the meaning given to such term in paragraph 27 hereof.

“Successful Bidder” has the meaning given to such term in paragraph 30 hereof.

“Taylor Affidavit” has the meaning given to such term in paragraph 2 hereof.

“Teaser Letter” has the meaning given to such term in paragraph 10 hereof.

Appendix "B"
Addresses for Notices

If to Banro:

Banro Corporation
1 First Canadian Place
100 King St. West, Suite 7005
Toronto, Ontario M5X 1E3
Attention: Rory Taylor
Email: RTaylor@banro.com

With a copy to:

Cassels Brock & Blackwell LLP
Scotia Plaza
40 King Street West, Suite 2100
Toronto, Ontario M5H 3C2
Attention: Ryan C. Jacobs / Jane Dietrich / Joseph Bellissimo
Email: riacobs@casselsbrock.com/jdietrich@casselsbrock.com/jbellossimo@casselsbrock.com

If to the Monitor:

FTI Consulting Canada Inc.
TD Waterhouse Tower
79 Wellington Street West, Suite 2010
Toronto, Ontario M5K 1G8
Attention: Nigel Meakin and Toni Vanderlaan
Email: nigel.meakin@fticonsulting.com / toni.vanderlaan@fticonsulting.com

With a copy to:

McMillan LLP
Brookfield Place
181 Bay Street, Suite 4400
Toronto, Ontario M5J 2T3
Attention: Wael Rostom and Caitlin Fell
Email: wael.rostom@mcmillan.ca / caitlin.fell@mcmillan.ca