

**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**

NOTICE OF OBJECTION

1. This Notice of Objection is filed on behalf of VR Global Partners, L.P. (“**VRGP**”). VRGP is a holder of \$19,368,000 of the Secured Notes, as defined in the Applicants’ proposed Consolidated Plan of Compromise and Reorganization dated January 25, 2018 (the “**Plan**”). VRGP objects to the sanction of the Plan on the basis that it does not meet the statutory test of being “fair and reasonable”.
2. VRGP is part of the “Affected Secured Class”, as defined in the Plan. Within the Affected Secured Class, two holders of Secured Notes – Baiyin Nonferros Group Company (“**Baiyin**”) and Gramercy Funds Management LLC (“**Gramercy**”) – are to receive different consideration under the Plan than all other Affected Secured Creditors in the same class, including VRGP and the other holders of the Secured Notes.
3. Baiyin, Gramercy and VRGP are all holders of the same Secured Notes with all of the same legal and economic rights and entitlements. As noted in the Applicants’ Factum for the Claims Procedure Order and Meeting Order, each Secured Noteholder has the same priority ranking and

enforcement rights and there are no distinctions between their legal interests.¹ However, even though they are identically situated as holders of Secured Notes, the Plan proposes to provide Baiyin and Gramercy only with different and superior consideration. It is proposed that Baiyin and Gramercy would receive Class A Common Shares which hold voting rights, while VRGP (and other members of the Affected Secured Class, including the other holders of Secured Notes) would receive Class B Common Shares which do not hold voting rights.²

4. The CCAA provides that in order to be sanctioned, the Plan must be found to be “fair and reasonable”.

5. The Plan is not fair and reasonable as, among other things, there is no legal, economic or other basis on which two of the holders of the Secured Notes ought to receive superior consideration to identically situated holders of the Secured Notes. Baiyin and Gramercy are providing no additional benefit to the Plan in their capacity as holders of the Secured Notes which would justify superior consideration over other holders of the same Secured Notes.

6. VRGP acknowledges that as part of the proposed restructuring, Baiyin and Gramercy have agreed to amend the terms of certain contracts with certain of the Applicants (namely, the Interim Facility, the Gold Streams, the Namoya Forward I Agreement, Twangiza Forward I Agreement and Twangiza Forward II Agreement). However, the Plan contemplates that (and as is explained in the Applicants’ Factum for the Claims Procedure Order and Meeting Order) in exchange for such amendments, Baiyin and Gramercy will be entitled to consideration in the form of warrants

¹ Factum of the Applicants (Claims Procedure Order & Meeting Order) dated January 30, 2018 at para 36.

² Consolidated Plan of Compromise and Reorganization dated January 25, 2018, s. 4.1

in Newco,³ not the Class A Common Shares they are proposed to receive as holders of the Secured Notes.

7. The effect of the Plan creates a substantial injustice within the Affected Secured Class and on the Plan as a whole; the pain of compromise is not being borne equally or equitably by identically situated creditors. While courts have found that equal treatment is not required for plan sanction, unequal treatment within a class can only be sanctioned where there is some legal or economic basis to justify that differential treatment. No such basis exists in this case; creditors with the identical security, rights and entitlements are being treated differently. As such, the Plan does not afford equitable treatment to members of the Affected Secured Class.

8. VRGP submits that the Plan is not fair and reasonable, and accordingly ought not be sanctioned.

³ Factum of the Applicants (Claims Procedure Order & Meeting Order) dated January 30, 2018 at para 12.

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Proceeding commenced at Toronto

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