

LAKE VICTORIA MINING COMPANY, INC

Consolidated Financial Statements

September 30, 2010

Lake Victoria Mining Company, Inc.
(An Exploration Stage Company)
Consolidated Balance Sheets
(Expressed in US dollars)

	September 30, 2010 \$ (Unaudited)	March 31, 2010 \$ (Audited)
ASSETS		
Current Assets		
Cash	1,267,358	955,401
Advances and deposits	34,771	4,224
Advances to related party (Note 3)	499,043	499,043
Total Current Assets	1,801,172	1,458,668
Property and Equipment (Note 4)	91,400	100,864
Total Assets	1,892,572	1,559,532
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	296,527	99,736
Accounts payable-related party (Note 3)	677,773	700,523
Acquisition liabilities	-	61,482
Note payable (Note 5)	7,776	-
Other payables (Note 6)	14,506	29,178
Total Liabilities	996,582	890,919
Commitments and Contingencies (Note 10)		
Subsequent Events (Note 11)		
Stockholders' Equity		
Preferred Stock, 100,000,000 shares authorized, \$0.00001 par value; No shares issued and outstanding	-	-
Common Stock, 100,000,000 shares authorized, \$0.00001 par value; 71,239,100 shares issued and outstanding (March 31, 2010 - 60,527,575) (Note 11(c))	713	606
Additional Paid-in Capital	9,813,219	7,653,026
Common Stock and Warrants Issuable (Notes 8(a) and 8(b))	1,054,492	1,437,230
Deficit Accumulated During the Exploration Stage	(9,972,434)	(8,422,249)
Total Stockholders' Equity	895,990	668,613
Total Liabilities and Stockholders' Equity	1,892,572	1,559,532

The accompanying notes are an integral part of these unaudited consolidated financial statements

Lake Victoria Mining Company, Inc.
(An Exploration Stage Company)
Consolidated Statements of Operations
(Expressed in US dollars)
(Unaudited)

	Accumulated From December 11, 2006 (Date of Inception) to September 30,	Three Months Ended September 30,		Six Months Ended September 30,	
	2010 \$	2010 \$	2009 \$	2010 \$	2009 \$
Revenue	-	-	-	-	-
Expenses					
Amortization and depreciation (Note 2(g))	25,467	5,810	765	11,586	1,447
Exploration costs (Note 7)	2,300,378	377,947	527,643	482,401	643,936
General and administrative	1,843,330	119,281	29,958	174,503	76,525
Impairment of mineral property acquisition costs (Note 7)	10,681,976	281,065	115,482	281,065	3,115,463
Management and director fees	482,018	28,500	28,500	60,000	179,017
Professional fees	2,963,776	187,789	414,649	500,105	1,047,236
Travel and accommodation	351,263	24,422	32,210	41,143	46,367
Total Operating Expenses	18,648,208	1,024,814	1,149,207	1,550,803	5,109,991
Operating Loss	(18,648,208)	(1,024,814)	(1,149,207)	(1,550,803)	(5,109,991)
Other Income (Expense)					
Gain on long-term investments	5,000	-	-	-	10,000
Foreign exchange gain (loss)	(70,849)	774	-	(696)	-
Interest income	7,152	734	79	1,677	454
Interest expense	(885)	(257)	(215)	(363)	(240)
Other income	15,900	-	-	-	-
Total Other Income	(43,682)	1,251	(136)	618	10,214
Net Loss	(18,691,890)	(1,023,563)	(1,149,343)	(1,550,185)	(5,099,777)
Net loss attributable to non-controlling interest	8,719,456	-	20,043	-	1,927,226
Net Loss Attributable to the Company	(9,972,434)	(1,023,563)	(1,129,300)	(1,550,185)	(3,172,551)
Net Loss Per Share - Basic and Diluted		(0.01)	(0.02)	(0.02)	(0.09)
Weighted Average Shares Outstanding		71,239,100	48,334,984	71,239,100	34,505,164

The accompanying notes are an integral part of these unaudited consolidated financial statements

Lake Victoria Mining Company, Inc.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
(Expressed in US dollars)
(Unaudited)

	Six Months Ended September 30,	
	2010	2009
	\$	\$
Operating Activities		
Net loss	(1,550,185)	(3,172,551)
Adjustments to reconcile net loss to cash used in operating activities:		
Amortization and depreciation	11,586	1,447
Loss in subsidiary attributed to non-controlling interest	-	(1,927,226)
Share payments for consulting services	77,200	758,232
Restructuring charges	-	(110,019)
Impairment of mineral property acquisition cost	281,065	3,115,463
Loss on other investment	-	(5,000)
Directors' compensation share payments	-	35,000
Changes in operating assets and liabilities:		
Increase in advances and deposits	(30,547)	(20,837)
Increase in advances to related party	-	(272,877)
Decrease in amounts due to related parties	(22,750)	-
Increase in accounts payable	196,791	2,010,630
Decrease in accounts payable - acquisition	(61,482)	61,482
Decrease in accrued expenses	-	(125,000)
Decrease in other payables	(14,672)	-
Net Cash Provided By (Used In) Operating Activities	(1,112,994)	348,744
Investing Activities		
Acquisition of property, plant, and equipment	(2,122)	(3,935)
Cash payment for acquisition of mineral properties	(281,065)	(1,315,463)
Proceeds from sale of investments	-	10,000
Net Cash Provided By (Used In) Investing Activities	(283,187)	(1,309,398)
Financing Activities		
Proceeds from note payable	12,750	12,000
Repayment of note payable	(4,974)	(5,280)
Proceeds from issuance of stock, net	1,700,362	484,000
Net Cash Provided By (Used In) Financing Activities	1,708,138	490,720
Increase (Decrease) In Cash	311,957	(469,934)
Cash - Beginning of Period	955,401	530,569
Cash - End of Period	1,267,358	60,635
Non-cash Investing and Financing Activities		
Stock issued for subscription receivable	20,000	-
Stock issued for services	77,200	758,232
Investment acquired through payable	-	30
Accounts Payable exchanged for long-term investment	-	350,000
Share payments for mineral interest acquisition costs	-	1,800,000
Accounts Receivable exchanged for mineral property acquisition	-	1,039,981
Accounts Receivable exchanged for long-term investment	-	460,019
Supplemental Disclosures		
Interest paid	363	235
Income taxes paid	-	-

The accompanying notes are an integral part of these unaudited consolidated financial statements

1. Nature of Operations

Lake Victoria Mining Company, Inc. ("the Company") was incorporated on December 11, 2006 under the laws of the State of Nevada. The Company is also referred to as "we", "us" and "our". The Company's administrative office is located in Golden, Colorado. The Company is an Exploration Stage Company, as defined by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 915, Development Stage Entities. The Company has been in the exploration stage since its formation in December 2006 and has not yet realized any revenues from its planned operations.

The principal business of the Company is to search for mineral deposits or reserves which are not in either the development or production stage. The Company is conducting exploration activities on gold and uranium properties located in Tanzania.

As of September 30, 2010, none of the Company's mineral property interests had proven or probable reserves as determined under the requirements of SEC Industry Guide No. 7. Planned principal activities have not yet begun. The ability of the Company to emerge from the exploration stage with respect to any planned principal business activity is dependent upon its successful efforts to raise additional debt or equity financing and/or attain profitable mining operations. As shown in the accompanying financial statements, the Company has an accumulated deficit of \$9,972,434 incurred through September 30, 2010. The Company has no revenues. Management intends to seek additional capital from new equity securities offerings that will provide funds needed to continue the exploration for gold and uranium. These plans, if successful, will mitigate the factors which raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue as a going concern. The Company expects to be able to meet its necessary cash outflows based upon funds received from future investments and borrowings during its exploration period.

2. Summary of Significant Accounting Policies

a) Basis of Presentation

These consolidated financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States, and are expressed in U.S. dollars. These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Kilimanjaro Mining Company, Inc. ("Kilimanjaro") and Lake Victoria Resources Company, (T) Ltd. Significant intercompany accounts and transactions have been eliminated. The Company's fiscal year-end is March 31.

b) Interim Financial Statements

The interim unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the Securities and Exchange Commission ("SEC") instructions for companies filing Form 10-Q. In the opinion of management, the unaudited financial statements have been prepared on the same basis as the annual financial statements and reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the financial position as of September 30, 2010, and the results of operations and cash flows for the three month and six month periods then ended. The financial data and other information disclosed in these notes to the interim financial statements related to these periods are unaudited. The results for the three month and six month periods ended September 30, 2010 are not necessarily indicative of the results to be expected for any subsequent quarters or the entire year ending March 31, 2011. The interim unaudited consolidated financial statements have been condensed pursuant to the Securities and Exchange Commission's rules and regulations and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Therefore, these financial statements should be read in conjunction with the Company's annual audited consolidated financial statements and notes thereto for the year ended March 31, 2010, included in the Company's Annual Report on Form 10-K filed on July 14, 2010 with the SEC.

2. Summary of Significant Accounting Policies (continued)

c) Use of Estimates

The preparation of financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses in the reporting period. The Company regularly evaluates estimates and assumptions related to long-lived assets, mineral property costs, asset retirement obligations, stock-based compensation, financial instrument valuations and deferred income tax asset valuations. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

d) Business Combinations

The Company follows the guidance ASC 805, Business Combinations (ASC 805), and ASC 810, Consolidation. The non-controlling interest recognized at September 30, 2009 was previously the minority interest held by certain passive shareholders at the consolidated financial statement level of Kilimanjaro, and whose interests were eliminated for accounting purposes by the August 7, 2009 share exchange agreement. The Company, after August 7, 2009, had no further non-controlling interests.

For the six months ended September 30, 2010 and 2009, losses of \$0 and \$1,927,226 respectively, were recognized as being attributed to the non-controlling interest of the Company's controlled subsidiary.

e) Basic and Diluted Net Income (Loss) Per Share

The Company computes net income (loss) per share in accordance with ASC 260, Earnings per Share which requires presentation of both basic and diluted earnings per share (EPS) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti dilutive. As of September 30, 2010 and 2009, the Company had 13,174,100 and 4,312,500 potentially dilutive securities outstanding, respectively.

f) Cash and Cash Equivalents

The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents.

As of September 30, 2010, the Company has \$1,267,358 deposited at FDIC insured banks in the United States. FDIC deposit insurance covers the balance of each depositor's account up to \$250,000 per insured bank. The Deposit Insurance Board in Tanzania insures up to 1,500,000 Tanzanian Shillings (approximately \$990 USD as of September 30, 2010) per customer per bank. Any amount beyond the basic insurance amount may expose the Company to loss.

g) Property and Equipment

Property and equipment consists of mining tools and equipment, furniture and equipment and computers and software which are depreciated on a straight line basis over their expected lives of five years. The Company's assets have a historical cost of \$116,867 and the Company recorded depreciation expense of \$11,586 and \$1,447 for the six months ended September 30, 2010 and 2009, respectively, (see Note 4).

2. Summary of Significant Accounting Principles (continued)

h) Mineral Property Costs

Under US GAAP mineral property acquisition costs are ordinarily capitalized when incurred using FASB ASC Topic 805-20-55-37, Whether Mineral Rights are Tangible or Intangible Assets. The carrying costs are assessed for impairment under ASC Topic 360-36-10-35-20, Accounting for Impairment or Disposal of Long-Lived Assets whenever events or changes in circumstances indicate that the carrying costs may not be recoverable.

The Company also evaluates the carrying value of acquired mineral property rights in accordance with ASC Topic 930-360-35-1, Mining Assets: Impairment and Business Combinations, using the Value Beyond Proven and Probable (VBPP) method. The fair value of a mining asset generally includes both VBPP and an estimate of the future market price of the minerals.

When the Company has capitalized mineral property costs, these properties will be periodically assessed for impairment of value. Once a property reaches the production stage, the related capitalized costs will be amortized, using the units of production method. Additionally the Company expenses as incurred all maintenance and exploration property costs. Since the Company is unable to support continued capitalization of acquisition costs, the Company has recognized impairment charges of \$281,065 and \$3,115,463 for the six month periods ended at September 30, 2010 and 2009, respectively.

i) Long-Lived Assets

In accordance with ASC 360, Property Plant and Equipment the Company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed significantly before the end of its estimated useful life. Recoverability is assessed based on the carrying amount of the asset and its fair value which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

j) Asset Retirement Obligations

The Company accounts for asset retirement obligations in accordance with the provisions of ASC 440, Asset Retirement and Environmental Obligations which requires the Company to record the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The Company did not have any asset retirement obligations as of September 30, 2010.

k) Financial Instruments

ASC 825, Financial Instruments requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 825 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 825 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

2. Summary of Significant Accounting Policies (continued)

k) Financial Instruments (continued)

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company's financial instruments consist principally of cash, advances and deposits, advances to related parties, accounts payable, amounts due to a related party, notes payable and other payables.

Pursuant to ASC 825, the fair value of cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. The Company believes that the recorded values of advances and deposits, advances to related parties, accounts payable, amounts due to a related party, notes payable and other payables approximate their current fair values because of their nature and respective relatively short maturity dates or durations.

Assets measured at fair value on a recurring basis were presented on the Company's balance sheet as of September 30, 2010 as follows:

	Quoted Prices in Active Markets For Identical Instruments (Level 1) \$	Fair Value Measurements Using Significant Other Observable Inputs (Level 2) \$	Significant Unobservable Inputs (Level 3) \$	Balance September 30, 2010 \$
Assets:				
Cash	1,267,358	-	-	1,267,358

Foreign currency transactions are primarily undertaken in Canadian dollars and Tanzanian Schillings. The financial risk is the risk to the Company's operations that arise from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

l) Foreign Currency Translation

The Company's functional and reporting currency is the United States dollar. Monetary assets and liabilities denominated in foreign currencies are translated to United States dollars in accordance with ASC 740, Foreign Currency Translation Matters, using the exchange rate prevailing at the balance sheet date. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of income.

To the extent that the Company incurs transactions that are not denominated in its functional currency, they are undertaken in Canadian dollars and the Tanzanian Schilling. A portion of business transactions in Tanzania and mineral option purchase agreements are denominated in the Tanzanian Schilling. The Company has not, to the date of these financials statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

m) Segment Information

At September 30, 2010, the accompanying consolidated balance sheet contains approximately \$85,500 of cash, \$21,200 of advances and accounts receivable, and \$78,100 of property and equipment in a foreign country (Tanzania). Although Tanzania is considered economically stable, it is always possible that unanticipated events in foreign countries could disrupt the Company's operations.

n) Comprehensive Loss

ASC 220, Comprehensive Income establishes standards for the reporting and display of comprehensive loss and its components in the consolidated financial statements. As at September 30, 2010 and 2009, the Company had no items that represent a comprehensive loss, and therefore has not included a schedule of comprehensive loss in the consolidated financial statements.

2. Summary of Significant Accounting Policies (continued)

o) Income Taxes

The Company accounts for income taxes using the asset and liability method in accordance with ASC 740, Income Taxes. The asset and liability method provides that deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

p) Stock-Based Compensation

The Company records stock-based compensation in accordance with ASC 718, Compensation – Stock Based Compensation and ASC 505, Equity Based Payments to Non-Employees, which requires the measurement and recognition of compensation expense based on estimated fair values for all share-based awards made to employees and directors, including stock options.

ASC 718 requires companies to estimate the fair value of share-based awards on the date of grant using an option-pricing model. The Company uses the Black-Scholes option-pricing model as its method of determining fair value. This model is affected by the Company's stock price as well as assumptions regarding a number of subjective variables. These subjective variables include, but are not limited to the Company's expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviours. The value of the portion of the award that is ultimately expected to vest is recognized as an expense in the statement of operations over the requisite service period.

All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

q) Recent Accounting Pronouncements

In January 2010, the FASB issued Accounting Standards Update (ASU) No. 2010-06, Improving Disclosures about Fair Value Measurements, which amends the ASC Topic 820, Fair Value Measurements and Disclosures. ASU No. 2010-06 amends the ASC to require disclosure of transfers into and out of Level 1 and Level 2 fair value measurements, and also requires more detailed disclosure about the activity within Level 3 fair value measurements. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures concerning purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of this amendment is not expected to have a material effect on the Company's financial statements.

The Company has evaluated all other recent accounting pronouncements through ASC 2010-21 and determined that they would not have a material impact on the Company's financial statements or disclosures.

r) Reclassifications

Certain reclassifications have been made to the prior period's financial statements to conform to the current period's presentation.

3. Related Party Transactions and Balances

a) Prior to incorporation of the Company's wholly-owned subsidiary in Tanzania, the Company contracted with Geo Can Resources Company Ltd (Geo Can), a related company with a shared common director, to perform exploration services on all of the properties. As of September 30, 2010 and March 31, 2010, the Company owed \$620,523 and \$700,523, respectively, to Geo Can for exploration services provided. The amounts are non-interest bearing, unsecured and due on demand.

The Company, through its subsidiary Kilimanjaro Mining Company, advanced funds to Geo Can Resources Company to find mineral property interests in Tanzania. As of September 30, 2010 and March 31, 2010, the Company advanced \$449,043 to Geo Can. The advances bear no interest, are unsecured and are due on demand. The unencumbered funds advanced to Geo Can would be refundable to the Company. The advances as of September 30, 2010 and 2009 have not been offset against payables nor had any encumbrances been reported to the Company.

3. Related Party Transactions and Balances (continued)

- b) At September 30, 2010, the Company owed \$4,875 of consulting fees to the President of the Company. During the nine months ended September 30, 2010, the Company incurred \$27,000 (2009 - \$32,584) of consulting fees to the President of the Company.
- c) At September 30, 2010, the Company owed \$17,000 of management fees and \$375 of general and administrative expenses incurred on behalf of the Company to a director of the Company. During the nine months ended September 30, 2010, the Company incurred \$51,000 (2009 - \$130,250) of consulting fees to the director.
- d) At September 30, 2010, the Company owed \$35,000 of consulting fees to a director and former President of the Company. During the nine months ended September 30, 2010, the Company incurred \$60,000 (2009 - \$65,000) of consulting fees to the former President of the Company.

4. Property and Equipment

At September 30, 2010 and March 31, 2010, property and equipment consisted of the following:

	As at September 30, 2010			As at March 31, 2010		
	Cost \$	Accumulated Amortization \$	Net Book Value \$	Cost \$	Accumulated Amortization \$	Net Book Value \$
Mining tools and equipment	88,339	16,032	72,307	87,360	7,280	80,080
Furniture and equipment	5,632	1,156	4,476	4,489	612	3,877
Computer and software	22,896	8,279	14,617	22,896	5,989	16,907
	<u>116,867</u>	<u>25,467</u>	<u>91,400</u>	<u>114,745</u>	<u>13,881</u>	<u>100,864</u>

5. Note Payable

On May 22, 2010, the Company signed a finance agreement for payment of insurance in the amount of \$12,750 at an annual rate of 9.99% for a ten month period, payable in monthly instalments of \$1,334. At September 30, 2010, the carrying value of the note payable was \$7,776.

6. Other Payables

As of September 30, 2010 and March 31, 2010, one subsidiary of the Company withheld payroll deductions of \$14,506 and \$29,178 respectively to conform to local tax law.

7. Mineral Property Acquisition and Exploration Costs

On May 4, 2009, Kilimanjaro completed a Property Acquisition Agreement (the "Geo Can Agreement") with Geo Can (a related party, see Note 3). Under the terms of the agreement Kilimanjaro acquired a 100% interest in the mineral property assets, which included 33 gold prospecting licenses and 13 uranium licenses. Included in this agreement were the Kalemela project's licenses, Geita project's license, Uyowa Project's licenses and Kinyambwiga project's license and other projects' licences. Geo Can had entered into property option agreements, regarding some of these resource properties, with Lake Victoria before the share exchange agreement between Lake Victoria and Kilimanjaro on August 7, 2009, as a consequence Geo Can no longer has any interest in those prior property agreements.

Costs to maintain the mineral rights and leases are expensed as incurred. When a property reaches the production stage, the related costs will be capitalized and amortized, using the units of production method on the basis of periodic estimates of ore reserves. Mineral properties are periodically assessed for impairment of value and any diminution in value.

All of the Company's mineral property interests are located in Tanzania. Geo Can holds resource properties in trust for the Company. Most of the resource property interests are still formally registered to Geo Can to save on registration fees. When the annual filing for each property comes due then the formal registration of each property will be transferred to Kilimanjaro or as directed by Kilimanjaro.

Lake Victoria Mining Company, Inc.
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
September 30, 2010
(Expressed in US dollars)
(Unaudited)

7. Mineral Property Acquisition and Exploration Costs (continued) The following is a continuity of our mineral property acquisition costs:

	Kalemela Gold Project \$ (a)	State Mining Project \$	Geita Project \$ (b)	Kinyambwiga Project \$ (c)	Singida Project \$ (d)	Other Projects \$	Total \$
Balance March 31, 2010	3,643,125	190,000	2,752,608	1,922,608	965,630	926,940	10,400,911
Cash payments	–	–	–	–	281,065	–	281,065
Balance September 30, 2010	3,643,125	190,000	2,752,608	1,922,608	1,246,695	926,940	10,681,976

The following is a continuity of our mineral property exploration costs:

	Kalemela \$ (a)	Geita \$ (b)	Kinyambwiga \$ (c)	Singida \$ (d)	Uyoua \$ (e)	North Mara \$ (f)	Suguti \$ (g)	Nyanz \$ (h)	Kisenya \$ (i)	Mbinga \$ (j)	Total \$
Balance March 31, 2010	633,895	408,972	209,224	565,269	618	–	–	–	–	–	1,817,977
Camp, field supplies and travel	–	–	6,643	49,657	494	1,900	–	–	–	–	58,695
Drilling cost	–	–	–	216,096	–	–	–	–	–	–	216,096
Geological consulting and wages	–	506	29,503	87,407	1,011	8,267	506	1,517	1,061	2,022	131,800
Geophysical and geotechnical	–	–	2,528	22,505	–	975	–	–	–	–	26,008
Parts and equipment	–	–	1,674	2,063	–	94	–	–	–	–	3,831
Project administration fee	–	–	9,951	29,450	1,067	4,436	–	–	1,067	–	45,971
	–	506	50,299	407,178	2,572	15,672	506	1,517	2,128	2,022	482,401
Balance September 30, 2010	633,895	409,478	259,523	972,447	3,190	15,672	506	1,517	2,128	2,022	2,300,378

a) Kalemela Gold Project: Prospecting Licence (“PL”) PL2747/2004 PL2910/2004 & PL 3006/2005

As a part of the Geo Can Agreement, Kilimanjaro owns 100% interest in the Kalemela Gold Project’s three prospecting licenses PL2747/2004, PL3006/2005 and PL2910/2004. The Kalemela Gold Project is located within the Southeastern Lake Victoria Goldfields in Northern Tanzania in Magu District, Mwanza Region.

The three licenses total about 260 square kilometers. Results of geologic mapping, ground magnetic surveying and soil sampling have identified exploration sites suitable for electrical induced polarization (I.P.) geophysical surveys to further define possible drill targets. Depending on available resources and project scheduling, follow up soil sampling will be conducted to confirm previous sampling results, followed by a targeted electrically induced polarization (I.P.) geophysical survey and a possible initial drill program.

b) Geita Project: PL2806/2004

As a part of the Geo Can Agreement, the Company owns 100% interest in the Geita project’s one prospecting license as at September 30, 2010. The Geita Gold Project is located in Northern Tanzania within the Lake Victoria Goldfields in the Geita District, Mwanza Region. The original prospecting license PL2806 has been divided and the project is now comprised of two licenses that cover a total area of 42.44 square kilometers: PL2806/2004 covering 21.59 square kilometers and PL5958/2009 covering 20.85 square kilometers.

c) Kinyambwiga Project: PL4653/2007, 24 Primary Mining Licenses (“PML”)

As a part of the Geo Can Agreement, the Company owns 100% interest of Kinyambwiga project’s one prospecting license. The Kinyambwiga Gold Project is about 208 kilometers northeast of the city of Mwanza in northern Tanzania.

A director of the Company entered into Mineral Purchase agreements with 24 PML’s which are part of the Kinyambwiga Project and which are recorded in his name and are to be transferred over to the Company at a future date.

7. Mineral Property Acquisition and Exploration Costs (continued)

d) Singida Project

On May 15, 2009, the Company signed a Mineral Financing Agreement with one director of the Company authorizing him, on behalf of the Company, to acquire Primary Mining Licenses ("PMLs") in the Singida area. As of September 30, 2010, this director has entered into Mineral Properties Sales and Purchase agreements with various PML owners. The Company has 100% acquired 23 PML agreements. The Company has the option to acquire 37 additional and different PMLs in the Singida area. Under the terms of these agreements, if the option to purchase is completed on all these PMLs, then the total purchase consideration would be approximately \$6,416,095 (TZS9,896,816,657, outstanding option payments in US Dollar amount is estimated with an exchange rate of 0.00066 as at September 30, 2010), payable by February 24, 2013. Pursuant to the Mineral Financing Agreement, the Company has made payments of \$965,630 in fiscal 2010 and \$281,065 in fiscal 2011.

In September, 2009, the Company provided notification to all the PML owners involved in Singida Mineral Properties and Sale Agreements that the Company would extend their due diligence period for an additional 120 days as per 2.1.1 of the agreement upon paying again the same amount as the Initial Payment. In addition, the director completed an Addendum to the Mineral Properties and Sale Agreement.

On January 19, 2010, a director on behalf of the Company signed second addendums to Singida mineral properties sales and purchase agreements. The addendums revised and extended the second payment of the mineral agreements. The second payment was divided into three payments with \$470,927 due on January 27, 2010, \$470,927 due on July 27, 2010 and \$941,854 due on January 27, 2011.

On July 27, 2010, the director signed third addendums to the Singida mineral properties sales and purchase agreements on behalf of the Company. The third addendums revised the payment terms of the second addendum. Based on the revised terms, the second instalment of \$470,927 was divided into two payments, with \$281,065 due on July 27, 2010 and \$189,862 due on October 24, 2010. The Company made the payment of \$281,065 on July 27, 2010, and the payment of \$189,862 was paid subsequent to September 30, 2010.

At the option of the Company, any PMLs may be relinquished at any time during the agreement and the title transferred back to the original owner. Also, at the option of the Company, a 2% Net Smelter Production royalty or 2% of the Net Sale Value may be substituted in place of the final payment for each PML and paid on a pro rata basis determined by the total final number of PMLs involved in a special mining license. As of September 30, 2010, under the terms of the mineral properties sales and purchase agreements the Company has completed initial option payments in the amount of \$1,246,695. Pursuant to the original agreement and the subsequent addendums, the Company will pay \$815,650 on January 24, 2011, \$1,107,250 on February 25, 2011, \$419,100 on January 23, 2013 and \$3,828,000 on February 24, 2013.

e) Uyowa

As a part of the Geo Can Agreement the Company owns 100% interest in the Uyowa project's prospecting licenses. The Uyowa Gold project consists of 7 PLs that cover a total area of 900 square kilometers in the central to western side of Tanzania.

f) North Mara

The North Mara Project is comprised of 12 PLs that cover a total area of 599 square kilometers in the northern part of Tanzania.

As of September 30, 2010, the Company owns 100% interest of North Mara project's prospecting licenses.

g) Suguti

As of September 30, 2010, the Company owns 100% interest of Suguti project's prospecting licenses.

h) Nyanza

As of September 30, 2010, the Company owns 100% interest of Nyanza project's prospecting licenses.

i) Kiserya

As of September 30, 2010, the Company owns 100% interest of Kiserya project's prospecting licenses.

j) Mbinga

The Mbinga Uranium Project is comprised of 3 PLs and 2 Reconnaissance Licenses. The Reconnaissance Licenses, located along the eastern shoreline of Lake Nyasa are currently under application.

As of September 30, 2010, the Company owns 100% interest of Mbinga project's prospecting licenses.

8. Capital Stock

Preferred Stock

The Company is authorized to issue 100,000,000 shares of preferred stock with a par value of \$0.00001. As of September 30, 2010, the Company has not issued any preferred stock.

Common Stock

The Company is authorized to issue 100,000,000 shares of common stock. On October 7, 2010, the Company's board of directors approved a proposal to amend the articles of incorporation to increase the number of authorized shares of our common stock from 100,000,000 to 250,000,000. The increase is subject to shareholders' approval. All shares have equal voting rights, are non-assessable and have one vote per share. Voting rights are not cumulative and, therefore, the holders of more than 50% of the common stock could, if they choose to do so, elect all of the directors of the Company.

- a) On September 7, 2010, the Company completed a private placement of 4,790,700 units at \$0.225 per share for gross consideration of \$1,077,907. The Company incurred share issuance costs of \$23,415. Each Unit consists of one share of common stock and two redeemable warrants. One redeemable warrant entitles the holder to purchase one additional share of common stock at \$0.40 per share until August 12, 2013. The other redeemable warrant entitles the holder to purchase one additional share of common stock at \$0.60 per share until August 12, 2013. The redeemable warrants are callable by the Company upon 20 days written notice to the warrant holder. If the redeemable warrants are not exercised within 20 days of being called, the same will terminate and may not be exercised thereafter. The units were issued subsequent to September 30, 2010. (See Note 11(g))
- b) On May 19, 2010, the Company completed a private placement of 10,473,000 units at \$0.20 per share for gross consideration of \$2,094,600. The Company incurred share issuance costs of \$11,500. Each Unit consists of one share of common stock and one redeemable warrant. One redeemable warrant entitles the holder to purchase one additional share of common stock at \$1.25 until January 28, 2013. The redeemable warrants are callable by the Company upon 30 days written notice to the warrant holder. If the redeemable warrants are not exercised within 30 days of being called, the same will terminate and may not be exercised thereafter. As of March 31, 2010, the Company had received \$1,437,230 in subscription related to this private placement.
- c) On April 15, 2010, the Company issued 153,525 restricted shares of common stock and paid \$21,265 for geological and business development services provided by a consultant. The services were valued at \$71,265.
- d) On April 15, 2010, the Company issued 85,000 restricted shares of common stock for consulting and business development services provided by a consulting company. The services were valued at \$27,200.

9. Stock Options and Warrants

The following table summarizes the continuity of the Company's stock options:

	Number of Options	Weighted Average Exercise Price \$	Weighted- Average Remaining Contractual Term (years)	Aggregate Intrinsic Value \$
Outstanding, March 31, 2010	4,312,500	1.01		
Expired	(4,312,500)	1.01		
<u>Outstanding, September 30, 2010</u>	—	—	—	—
Exercisable, September 30, 2010	—	—	—	—

Warrants outstanding as of September 30, 2010 were:

Expiration Date	Exercise Price (per share) \$	Shares Issuable Upon Exercise
September 8, 2012	1.25	1,350,501
January 28, 2013	1.25	10,473,000
		<u>11,823,501</u>

9. Stock Options and Warrants (continued)

The following warrants were issued on October 1, 2010 pursuant to the financing described in Note 8(a):

Expiration Date	Exercise Price (per share) \$	Shares Issuable Upon Exercise
August 12, 2013	0.40	4,790,700
August 12, 2013	0.60	4,790,700
		<u>9,581,400</u>

10. Commitments and Contingencies

- a) On May 15, 2009, Kilimanjaro signed a Mineral Financing Agreement with a director of the Company authorizing him, on behalf of the Company, to acquire PMLs in the Singida area of Tanzania. As of September 30, 2010, this director has entered into Mineral Properties Sales and Purchase agreements with various PML owners of which 22 PML Option to Purchase agreements have been completed. These PMLs have been 100% acquired and the Company has the option to acquire 37 additional and different PMLs in the Singida area. Under the terms of these agreements, if the option to purchase is completed on all these PMLs, then the total purchase consideration will be \$7,029,404 (see Note 7(d)).
- b) The same director of the Company entered into Mineral Purchase agreements with 24 PML's which are part of the Kinyambwiga Project and which are recorded in his name and are to be transferred over to the Company at a future date (see Note 7(c)).
- c) On December 31, 2009, the Company entered into a Geological and Business Development Consulting Services Agreement with Jack V. Everett ("Everett") under which Everett will provide public relations, geological, and consulting services to us and the Company agrees to compensate Everett on a quarterly basis in two methods: (a) cash and (b) restricted common shares of the Company. The quarterly compensation will be agreed upon, in advance of each quarter, by the Company and Everett. Accordingly, upon execution of the agreement the Company paid Everett a cash payment of \$20,000 and issued him 68,775 restricted common shares valued at \$42,641. On May 10, 2010, the Company paid Everett a cash payment of \$21,265 and on April 7, 2010 issued him 153,525 restricted common shares valued at \$67,551. On November 9, 2010, the Company issued him 217,100 restricted common shares for services provided valued at \$54,275. The term of the consulting agreement is twelve months.
- d) On January 4, 2010, the Company entered into a finder's fee agreement with Robert A. Young, The RAYA Group ("Young") wherein we agreed to pay Young fees limited to introductions that Young makes to us of investors who invest in our private placements or become involved with us through joint venture property agreements. No Finder's fees will be paid in connection with any introduction to any existing contacts of the Company. The fee will be 10% of the first \$10,000,000 and 5% of amounts in excess of \$10,000,000. The term of finder's fee agreement is five years.
- e) On May 11, 2010, the Company entered into an agreement with a consultant to provide services as a Senior Geological Consultant. In consideration of the foregoing the Company will pay a base compensation of \$15,000 per month for the first six months, to be increased to \$20,000 per month after the initial six months; eligibility of a bonus of 100,000 shares of common stock at the end of six months; and at the end of 12 months the Company will grant the consultant 300,000 stock options. On November 9, 2010, the Company issued 100,000 shares of common stock to the consultant. On October 21, 2010, the Company passed a board resolution to grant the Consultant 300,000 stock options. On November 11, 2010, the Company signed an addendum with the consultant. The addendum extended the term to three years and the Company agrees to pay \$17,500 for the first 12 months and \$20,000 thereafter. The Company will grant the Consultant 300,000 stock options on November 1, 2012 and 2013.

11. Subsequent Events

- a) On October 7, 2010, the board of directors adopted the 2010 Stock Option Plan, which provides for granting of stock options to acquire up to a total of 10,000,000 shares of common stock.
- b) On October 7, 2010, the Company entered into a consulting agreement with Misac Noubar Nabighian to provide geophysical data processing, geophysical data interpretation services to the Company in consideration for:
 - i. granting the Consultant an option to acquire 120,000 shares of common stock of the Company pursuant to the terms of the Company's 2010 Stock Option Plan, at an exercise price of \$0.29 per share, exercisable until October 7, 2013 and vesting immediately;

11. Subsequent Events (continued)

- ii. paying the Consultant 0.5% of the net proceeds from the sale of any mining properties;
- iii. granting the Consultant a royalty on producing properties as follows: (a) \$1.00 per ounce of gold produced or 0.25% of net smelter returns (as such term is defined in the Agreement), whichever is greater, and (b) 0.25% of net smelter returns for all other commercial production.

The agreement is for a term of 36 months and may be renewed at the option of the Company upon 30 days written notice.

- c) On October 7, 2010, the board of directors approved a proposal to amend the articles of incorporation to increase the number of authorized shares of common stock from 100,000,000 shares to 250,000,000 shares. This increase is subject to shareholders' approval.
- d) On October 18, 2010, the Company signed debt settlement and subscription agreement with a consultant to settle a consulting fee of \$54,275 for geological and business development services provided. According to the agreement, the Company shall issue 217,100 restricted shares of common stock at \$0.25 to settle outstanding balance.
- e) On October 21, 2010, the Company passed a resolution to grant 3,580,000 stock options to six directors and officers, and 500,000 stock options to a senior geological consultant at an exercise price of \$0.45 per share which will expire on October 21, 2013. All stock options are non-qualified and vested immediately.
- f) On October 26, 2010, the Company paid 40% of the Second Secondary payment of approximately \$189,862 due on October 24, 2010 (see Note 7 (d)).
- g) On November 9, 2010, the Company issued 4,790,700 units pursuant to the private placement completed on September 7, 2010 as described in Note 8(a).
- h) On November 09, 2010, the Company issued 100,000 shares of common stock to a consultant (see Note 10 (e)).