LINCOLN MINING CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, 2017 and 2016

Table of Contents

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Lincoln Mining Corp.

We have audited the accompanying consolidated financial statements of Lincoln Mining Corp., which comprise the consolidated statements of financial position as at December 31, 2017 and 2016 and the consolidated statements of income (loss) and comprehensive income (loss), cash flows, and changes in shareholders' deficiency for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Lincoln Mining Corp. as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Davidson-co.com

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Lincoln Mining Corp.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

April 27, 2018

LINCOLN MINING CORPORATION
Consolidated Statements of Financial Position
As at December 31, 2017 and 2016

(All amounts are in Canadian Dollars, unless otherwise stated)

	Notes	2017	2016
		$	$
Assets			
Current assets			
Cash		21,899	47,021
Receivables		35,762	20,259
Prepaid expenses		115,892	93,689
		173,553	160,969
Non-current assets			
Equipment		6,059	10,653
Deposits		14,006	19,880
		20,065	30,533
Total assets		**193,618**	**191,502**
Liabilities and shareholders' deficiency			
Current liabilities			
Accounts payable and accrued liabilities		847,054	753,968
Due to related parties	8	1,535,554	1,446,098
Loans payable	6	86,305	1,392,381
Promissory notes	7	604,810	596,614
		3,073,723	4,189,061
Non-current liabilities			
Promissory notes	7	-	2,735,443
Provision for environmental rehabilitation	5	81,543	87,276
		81,543	2,822,719
Total liabilities		**3,155,266**	**7,011,780**
Shareholders' deficiency			
Share capital	9	22,118,931	21,425,218
Capital reserves	9	2,588,249	1,584,242
Share subscriptions received in advance	9	38,095	5,000
Deficit		(27,706,923)	(29,834,738)
Total shareholders' deficiency		**(2,961,648)**	**(6,820,278)**
Total liabilities and shareholders' deficiency		**193,618**	**191,502**

Nature of operations (Note 1)
Commitment (Note 12)
Subsequent events (Note 15)

Approved and authorized by the Board on April 27, 2018.

"Paul Saxton" Director — *"Andrew Milligan"* Director

Paul Saxton — Andrew Milligan

LINCOLN MINING CORPORATION

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

For the years ended December 31, 2017 and 2016

(All amounts are in Canadian Dollars, unless otherwise stated)

	Notes	2017	2016
Exploration expenses	4, 8	**446,937**	**46,636**
Administrative expenses			
Administrative support		1,405	49,212
Consulting and management fees	8	123,050	172,487
Depreciation		4,594	3,070
Foreign exchange gain		(74,633)	(86,538)
Investor relations and shareholder services		180,489	63,181
Office maintenance		14,312	9,407
Professional fees	8	180,677	100,983
Travel		20,053	7,783
		449,947	**319,585**
Finance expenses (income)			
Interest income		(61)	(122)
Interest expense		18,879	12,233
		18,818	**12,111**
Other Income			
Write-off of accounts payable		(33,175)	(36,865)
Write-off of receivables		7,683	-
Gain on settlement of debts	6, 7, 9	(3,018,025)	-
		(3,043,517)	**(36,865)**
Net income (loss) and comprehensive income (loss) for the year		**2,127,815**	**(341,467)**
Basic and diluted earnings (loss) per common share		$ 0.06	$ (0.01)
Weighted average number of common shares outstanding		**34,703,820**	**23,775,393**

LINCOLN MINING CORPORATION
Consolidated Statements of Cash Flows
For the years ended December 31, 2017 and 2016

(All amounts are in Canadian Dollars, unless otherwise stated)

	2017	2016
	$	$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net income (loss) for the year	**2,127,815**	**(341,467)**
Items not affecting cash:		
Accrued interest expense	18,879	12,233
Depreciation	4,594	3,070
Unrealized foreign exchange	(12,435)	(5,399)
Write-off of accounts payable	(33,175)	(36,865)
Write-off of receivables	7,683	-
Gain on settlement of debts	(3,018,025)	-
Changes in non-cash working capital items:		
Increase in accounts payable, accrued liabilities and due to related parties	215,717	206,337
Increase in prepaid expenses and deposits	(16,329)	(83,756)
Increase in receivables	(23,186)	(9,628)
Net cash used in operating activities	**(728,462)**	**(255,475)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(10,320)
Net cash used in investing activities	**-**	**(10,320)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued for cash, net	676,950	259,250
Share subscriptions received in advance	38,095	5,000
Promissory notes issued for cash	-	21,527
Loans from directors, net	(11,705)	12,110
Net cash provided by financing activities	**703,340**	**297,887**
Net change in cash for the year	(25,122)	32,092
Cash, beginning of the year	47,021	14,929
Cash, end of the year	**21,899**	**47,021**

Supplemental cash flow information (Note 11)

(All amounts are in Canadian Dollars, unless otherwise stated)

	Number of shares	Share capital	Capital reserves	Share subscriptions received in advance	Deficit	Total
		$	$	$	$	$
Balance at December 31, 2015	**22,746,021**	**21,184,769**	**1,565,441**	**-**	**(29,493,271)**	**(6,743,061)**
Private placement	2,750,000	275,000	-	-	-	275,000
Share subscriptions received	-	-	-	5,000	-	5,000
Share issuance costs	-	(34,551)	18,801	-	-	(15,750)
Net loss for the year	-	-	-	-	(341,467)	(341,467)
Balance at December 31, 2016	**25,496,021**	**21,425,218**	**1,584,242**	**5,000**	**(29,834,738)**	**(6,820,278)**
Private placement	11,400,000	570,000	-	(5,000)	-	565,000
Private placement	3,100,000	155,000	-	-	-	155,000
Share subscriptions received	-	-	-	38,095	-	38,095
Share issuance costs	-	(87,057)	44,007	-	-	(43,050)
Debt settlement agreements	929,496	55,770	960,000	-	-	1,015,770
Net income for the year	-	-	-	-	2,127,815	2,127,815
Balance at December 31, 2017	**40,925,517**	**22,118,931**	**2,588,249**	**38,095**	**(27,706,923)**	**(2,961,648)**

1 Nature of operations

Lincoln Mining Corporation (the “Company” or “Lincoln”) is incorporated under the Business Corporations Act, British Columbia. The Company’s head and registered office, principal address and records is Suite 400 – 789 West Pender Street, Vancouver, British Columbia, Canada, V6C 1H2. The Company is a precious metals exploration and development company.

The consolidated financial statements of the Company for the year ended December 31, 2017 comprise the Company and its subsidiaries (Note 2(b)). These consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated. The Company is listed on the TSX Venture Exchange (“TSX-V: LMG”) and the Frankfurt Stock Exchange (“ZMG”).

2 Basis of Presentation

(a) Basis of preparation

The consolidated financial statements for the year ended December 31, 2017 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measure at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Going concern assumption

These consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company has not yet determined whether its mineral properties contain ore reserves; therefore, the Company has incurred ongoing losses since inception. Further, the Company has a working capital deficiency of $2,900,170 and total liabilities of $3,155,266. The future success of the Company is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon establishing future profitable production, or realization of proceeds on disposal.

Management recognizes that the Company will need to raise additional funds to maintain operations and while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. These consolidated financial statements do not give effect to the adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

New and amended standards adopted by the Company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after January 1, 2017 that had a material impact on the Company.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for future periods and have not been applied in preparing these consolidated financial statements.

(All amounts are in Canadian Dollars, unless otherwise stated)

Financial instruments

IFRS 9 – Financial Instruments: Classification and Measurement. IFRS 9 is a new standard that will replace IAS 39. IASB has tentatively decided to require an entity to apply IFRS 9 for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 9 introduces new requirements for the classification and measurement of financial instruments as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value and a debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows in the form of principal and interest. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the period beginning January 1, 2018 and will have an insignificant effect on its consolidated financial statements other than increased note disclosure.

IFRS 16 – Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is in the process of assessing the impact of this pronouncement. The extent of the impact has not yet been determined.

(b) Consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions are eliminated. Profits or losses resulting from intercompany transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Company.

The consolidated financial statements include financial statements of Lincoln Mining Corporation, the parent company and the subsidiaries listed below:

	Country of Incorporation	Economic interests	Principal activity
Lincoln Gold Corporation	Canada	100%	Holding company
Lincoln Gold US Corporation	United States of America	100%	Mineral exploration
Lincoln Resource Group Corporation	United States of America	100%	Mineral exploration
Minera Lincoln de Mexico, S.A. de C.V.	Mexico	100%	Mineral exploration

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The activities undertaken by exploration and evaluation segment are supported by corporate activities. The operating results of the segments are reviewed regularly by the Company's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance and by the Board of Directors that makes strategic decisions.

(d) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in the Canadian dollar, which is the Company's, and its subsidiaries' functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss.

(e) Mineral properties

The Company accounts for its mineral properties as exploration and evaluation assets in accordance with IFRS 6. The Company capitalizes mineral property interest acquisition costs, which include the cash consideration, option payment under an earn-in arrangement and, the fair value of common shares issued for mineral property interests. The acquisition costs are deferred until the property is placed into development (when commercial viability and technical feasibility are established), sold or abandoned or determined to be impaired. Before moving acquisition costs into property, plant and equipment upon commencement of development stage, the property is first tested for impairment. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

Exploration and evaluation expenditures

The Company expenses to operations all exploration and evaluation costs incurred prior to the determination of economically recoverable reserves. Exploration and evaluation expenditure relates costs incurred for investigation and evaluation of potential mineral reserves and resources, including trenching, exploratory drilling, sampling, mapping and other activities in searching for ore bodies under the properties, and evaluate the technical and commercial viability of developing mineral properties identified through exploration. Exploration and evaluation expenditures, net of any recoveries, are recorded on a property-by-property basis.

(f) Equipment

Equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price and any costs directly attributable to bringing the asset into operation.

Depreciation is provided on a straight line basis over the estimated useful lives as follows:

- mining equipment: 3 years
- vehicles: 4 years
- office and computer equipment: 2-5 years

Depreciation expense is allocated based on estimated asset lives. Should the asset life or depreciation rates differ from the initial estimate, an adjustment would be made in the consolidated statements of loss and comprehensive loss.

(g) Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(h) Financial assets

The Company classifies its financial assets into one of the following categories: at fair value though profit or loss; loans and receivables; and available-for-sale. The classification depends on the purpose for which the financial assets were acquired.

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss. There are no items in this category.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. Cash and other receivables are classified as loans and receivables.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss).

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

(i) Financial liabilities

Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using effective interest method.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Compound financial instruments

Compound financial instruments issued by the Company comprise of a convertible debenture that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognized initially at the fair value of the similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(j) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(k) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For the year ended December 31, 2017, there were no “in-the-money” dilutive instruments that impacted the calculation of dilutive earnings per share.

(l) Share-based compensation

The Company operates a share-based compensation plan, under which the Company receives services from directors, officers, employees and consultants as consideration for equity instruments (options) of the Company.

The fair value of stock options granted to directors, officers and employees is measured on the grant date, using the Black-Scholes option pricing model. Equity-settled awards are not re-measured subsequent to the initial grant date. The Company uses accelerated method (also referred to as ‘graded’ vesting) for attributing stock option expense over the vesting period. Stock option expense incorporates an expected forfeiture rate. The expected forfeiture rate is estimated based on historical forfeiture rates and expectations of future forfeiture rates. The adjustment is made if the actual forfeiture rate differs from the expected rate, when the equity instrument vests.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital. The fair value of exercised options is reclassified from capital reserve - options to share capital.

(m) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill and deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(n) Provision

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(o) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(p) Related party transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

3 Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include:

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

(All amounts are in Canadian Dollars, unless otherwise stated)

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Company's title on mineral property interests
Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry practice for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Special warrants issued in debt settlement
The fair value of the special warrants issued is measured using the Black-Scholes model, taking into account the terms and conditions upon which the special warrants are granted. Changes in assumptions concerning volatilities, interest rates and expected life could have significant impact on the fair valuation attributed to the special warrants.

4 Mineral properties

Exploration expenditures (recoveries) incurred during the year ended December 31, 2017:

	United States		Other	Total
	Pine Grove	Oro Cruz	Properties	
	$	$	$	$
Contractors	218,045	3,372	-	**221,417**
Drilling and metallurgical	649	-	-	**649**
Field supplies	904	-	-	**904**
General administration	112,669	571	-	**113,240**
Geochemistry	76,699	-	-	**76,699**
Land maintenance	3,368	30,522	-	**33,890**
Legal	17,987	-	-	**17,987**
Permitting environment	320,624	-	-	**320,624**
Property evaluation	68,940	1,623	7,546	**78,109**
Travel and accommodation	1,413	1,909	-	**3,322**
Recovery from a joint venture partner	(311,313)	(108,591)	-	**(419,904)**
Total mineral property expenditures	**509,985**	**(70,594)**	**7,546**	**446,937**

Exploration expenditures (recoveries) incurred during the year ended December 31, 2016:

	United States		Total
	Pine Grove	Oro Cruz	
	$	$	$
Contractors	98,154	11,716	**109,870**
Drilling and metallurgical	219,470	(371)	**219,099**
Field supplies	2,124	68	**2,192**
General administration	81,140	103	**81,243**
Geochemistry	790	-	**790**
Land maintenance	2,309	31,114	**33,423**
Legal	11,147	3,627	**14,774**
Permitting environment	44,823	-	**44,823**
Property evaluation	2,206	662	**2,868**
Travel and accommodation	514	319	**833**
Vehicle operating	726	-	**726**
Recovery of expenses	(13,248)	-	**(13,248)**
Recovery from a joint venture partner	(450,757)	-	**(450,757)**
Total mineral property expenditures	**(602)**	**47,238**	**46,636**

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties, and, to the best of its knowledge, title to all of its properties, are properly registered and in good standing.

United States

(a) Pine Grove Property, Nevada

During fiscal 2007 the Company entered into three separate agreements with Wheeler Mining Company ("Wheeler"), Lyon Grove, LLC ("Lyon Grove") and Harold Votipka ("Votipka") which collectively comprise the Pine Grove Property. In fiscal 2010, the Company added the Cavanaugh property.

(i) In July 2007 the Company entered into an agreement with Wheeler to lease Wheeler's 100% owned mining claims in Lyon County, Nevada from July 13, 2007 to December 31, 2022 with an exclusive option to renew the lease by written notice to December 31, 2023. If the property is and remains in commercial production by November 1 of each year after 2022, the Company may renew the lease for a period of one year by delivering written notice to the owner prior to November 15 of that year.

The Company was required to produce a bankable feasibility study on the properties by December 31, 2010 and obtain all necessary funding to place the properties into commercial production. The Company has since received an extension as new technical data is being developed. The Company must pay an NSR of 3% - 7% upon commencement of commercial mining production based on gold prices and the Company must pay a 5% NSR on metals or minerals other than gold produced and sold from the properties.

The following non-refundable advance NSR payments must be made by the Company:
- US$10,000 upon signing the agreement (paid); and
- US$30,000 prior to each one year anniversary of the lease (Years 1-6 paid by the Company; Years 7-10 paid by Goldcliff Resource Corporation ("Goldcliff")).

(ii) In July 2007 the Company entered into an agreement with Votipka to acquire three claims located within the Pine Grove Mining District in Lyon County, Nevada in return for a payment of US$12,000 (paid in 2007). Upon commencement of commercial production, the Company will pay a 5% NSR to Votipka. The Company retains the right to buy down up to 2.5% of the NSR at any time for US$100,000 per percentage point.

(iii) In August 2007 the Company entered into an agreement with Lyon Grove to lease the Wilson Mining Claim Group located in Lyon County, Nevada from August 1, 2007 to July 31, 2022, with an option to purchase. The Company can extend the term of the lease for up to ten additional one year terms providing the Company is conducting exploration mining activities at the expiration of the term immediately preceding the proposed extension term.

The following lease payments must be made by the Company:
- US$10,000 upon signing the agreement (paid) and
- US$25,000 prior to each one year anniversary of the lease (paid to date).

The lease payment made for any one calendar year may be credited against any NSR due and payable during the same calendar year.

The following work commitments must be made by the Company:
- US$25,000 by August 1, 2008; (incurred)
- US$25,000 by August 1, 2009; (incurred)
- US$50,000 by August 1, 2010; (incurred)
- US$50,000 by August 1, 2011; (incurred)
- US$50,000 by August 1, 2012; (incurred) and each subsequent lease year (incurred to date)

Upon commencement of production the Company must pay an NSR of 2.5% - 5% on various claims and areas of interest. Lyon Grove retains the right to require the Company to purchase the property any time after the Company has made application to permit and develop a mine on the property, subject to the Company's continued obligation to pay the royalties, for US$1,000.

In June 2016, Goldcliff, a company with a common director, acquired the lease to the Wilson claims from the Company in exchange for Goldcliff assuming the future lease commitments as well as outstanding lease payments and work commitments.

(iv) In August 2010, the Company and its wholly owned subsidiary Lincoln Gold US Corp ("Lincoln US") entered into a purchase agreement for Lincoln US to acquire unpatented mining claims and associated water rights (collectively known as the "Cavanaugh property") situated at the Company's Pine Grove project in Lyon County, Nevada. In consideration for the sale of the Cavanaugh property, the vendors have received a total of US$650,000 and 40,000 common shares of the Company as follows:

- On closing US$250,000 and 15,000 shares (paid)
- August 23, 2011 US$150,000 and 15,000 shares (paid)
- August 23, 2012 US$150,000 and 10,000 shares (paid)
- August 23, 2013 US$100,000 (paid)

The vendors will also retain a 1.5% NSR subject to the Company's option to buy down the royalty at a rate of US$75,000 per one-half percent at any time up until 3 years after the Company's Board of Directors approves mine construction.

During the year ended December 31, 2016, the Company entered into an Exploration License Agreement (the "Agreement") with Placer Solutions LLC ("Placer"), a private company based in Montana, USA, to explore the placer claims on Lincoln's Pine Grover project in Nevada (the "Claim"). The Agreement applies to the Company's Pine Grove placer claims only as it is the Company's intent to develop its lode claims separately.

Under the terms of the Agreement, for a period of 18 months, the Company has granted Placer: i) the exclusive right to explore the Claims for a one-time payment of US$10,000 (received), ii) an exclusive option to enter into a five (5) year mining lease on the Claims for an annual rental fee of US$10,000 (received) for the first year and US$6,000 thereafter and a net operating profit royalty of 20% (the "Lease Option").

Should Placer exercise the Lease Option, Placer has an exclusive right to purchase the Claims (and certain ancillary water rights) plus buyout the royalty for a total consideration of US$1,500,000 for a period of three years form the anniversary of the lease. The Agreement may be terminated at Placer's discretion upon 60 days' written notice to the Company.

(v) In August 2016, the Company entered into an agreement with Goldcliff whereby Goldcliff can earn a 40% interest in the Wheeler and Votipka leases and Cavanaugh property in exchange for incurring US$1,400,000 in exploration expenditure on the properties over three years, and conveying back to the Company a 60% interest in the Wilson lease that previously was acquired by Goldcliff. The Company is the operator for the earn-in.

During the year ended December 31, 2017, the Company was informed by the Nevada State Division of Water Resources that it was forfeiting certain water rights at Pine Grove for non-use. This was at the time when the Company was in the process of applying for a point of diversion change.

The Company filed a petition for judicial review of the decision of the Division of Water Resources seeking reinstatement of the water rights and the right to apply for an extension of time to place the water to beneficial use. The District Court entered its written decision in August 2017 granting the Company's petition. Lincoln has applied for an extension of time to place the water to beneficial use and will apply to change the point of diversion of the water to the Company's proposed mine site.

(b) Oro Cruz Property, California

In February 2010, the Company's 100% owned U.S. subsidiary, Lincoln US, concluded a lease agreement (the "Lease") to lease certain lode claims covering the Oro Cruz Property in Imperial County, California. The Lease involves advance royalty payments beginning at US$50,000 per year and gradually increasing to US$200,000 per year on the seventh anniversary and each subsequent anniversary of the effective date of February 22, 2010 as follows:

- US$50,000 on the execution date of the agreement (paid)
- US$50,000 by February 22, 2011 (paid)
- US$75,000 by February 22, 2012 (paid)
- US$75,000 by February 22, 2013 (paid)
- US$100,000 by February 22, 2014 ($50,000 paid)
- US$100,000 by February 22, 2015 (not paid)
- US$150,000 by February 22, 2016 (not paid)
- US$200,000 by February 22, 2017 (not paid)
- US$200,000 by February 22, 2018 (not paid) and each subsequent anniversary of the effective date

The NSR has been set at 3% for the first 500,000 ounces of gold production and 4% thereafter. An aggregate of 2% of the royalty can be bought down at a rate of US$500,000 per half percent.

Pursuant to this agreement, Lincoln must also incur expenditures in the amounts and during the periods described as follows:

- US$250,000 cumulative amount expended by the end of the second lease year (incurred)
- US$300,000 during the third lease year (incurred)
- US$350,000 during the fourth lease year (not incurred)
- US$400,000 during the fifth lease year (not incurred)
- US$450,000 during the sixth lease year (not incurred)
- US$500,000 during the seventh lease year (not incurred)

On May 9, 2017, the Company entered into a letter agreement, through its subsidiary, Lincoln Gold US Corp. ("Lincoln US"), granting Ausgold Resources Pty. Ltd. ("Ausgold") an option until June 30, 2017 to enter into a joint venture agreement for the development of the Oro Cruz Property located in Imperial Country, California ("JV Option"). As consideration for granting the JV Option, Ausgold has paid Lincoln US USD$7,500 and committed to purchasing USD$30,000 worth of securities in the Company's next private placement.

If the JV Option is exercised, the joint venture will cover the Hercules claims and the 131 claims held by Lincoln US as well as any mining interests or mineral properties acquired by either party within five miles of the Lincoln US claims.

On March 26, 2018, the Company has terminated the option it granted to Ausgold on May 9, 2017 on the Oro Cruz property as a consequence of Ausgold not satisfying its obligations under the option agreement. Lincoln retains the property in good standing and is in the process of reacquiring an option on the Hercules claims.

(All amounts are in Canadian Dollars, unless otherwise stated)

5 Provisions

The Company's recognized a constructive provision for environmental rehabilitation relating to a Pine Grove Property road, which will require future cleanup costs estimated to be approximately US$70,000. Management expects that the cleanup costs would be incurred in the future, at the end of the expected useful life of the property, however, as the technical feasibility of Pine Grove Property has not been completed yet, the life of the property is uncertain at the reporting date. The provision represents best management estimates and includes the following assumptions: term - 10 years; inflation rate – 0.7%, pre-tax risk-free interest rate - 2.8%.

The closing balance is summarized as follows:

	December 31, 2017	**December 31, 2016**
	$	$
Beginning balance	87,276	89,960
Changes in exchange rates	(5,733)	(2,684)
Closing balance	**81,543**	**87,276**

During the year ended December 31, 2017 and 2016, the finance costs in relation to the accretion of the provision are negligible.

6 Loans payable

The following loans were provided by directors, former directors, insiders and others to the Company to support its working capital requirements.

	Year ended December 31, 2017	**Year ended December 31, 2016**
	$	**$**
Opening balance	1,392,381	1,376,307
Loans provided during the year	17,900	14,310
Loans repaid during the year	(29,605)	(2,200)
Interest accrued during the year	3,981	3,964
Settlement of debt	(1,298,352)	-
Closing balance	**86,305**	**1,392,381**

During the year ended December 31, 2017, the Company received $17,900 (2016 - $14,310), and repaid $29,605 (2016 - $2,200), unsecured demand loan from the President of the Company. The remaining balance of the loan is unsecured, bearing interest at 5% per annum, calculated and payable on demand. The Company may repay the principal, in whole or in part, at any time without penalty. As at December 31, 2017, the loan payable balance to the President of the Company is $86,305 (2016 - $93,101).

Effective January 1, 2016, all loans, except for the loans received from the President of the Company, ceased to accrue interest.

On June 9, 2017, the Company completed a debt settlement agreement (the "Settlement") with two former directors of the Company (the "Creditors") with respect to outstanding debt (including principal and interest) totaling $4,033,795, of which $1,298,352 was included in loans payable. Under the terms of the Settlement, the Creditors were issued an aggregate of 929,496 common shares of the Company and 16 million special warrants (the "Special Warrants"). Each Special Warrant may be exercised for only fully paid and non-assessable common share (a "Special Warrant Share") in the capital of the Company without payment of additional consideration for a period of 10 years from the date of issue (Notes 7 and 9).

(All amounts are in Canadian Dollars, unless otherwise stated)

7 Promissory notes

	Year ended December 31, 2017	Year ended December 31, 2016
	$	$
Opening balance	3,332,057	3,304,976
Promissory notes provided during the year	-	21,527
Interest accrued during the year	14,898	8,269
Settlement of promissory notes	(2,735,443)	-
Foreign exchange	(6,702)	(2,715)
Closing balance	**604,810**	**3,332,057**

On February 28, 2014, the $2,300,000 convertible debenture held by Procon Mining and Tunneling Ltd. and its affiliates (collectively, "Procon") (plus approximately $175,000 in accrued interest), was repaid in full and discharged using funds through promissory notes maturing February 28, 2019 from companies controlled by two directors of the Company (the "Loans"). The Loans were interest bearing at a rate of 6% per annum, payable monthly commencing April 1, 2014. Concurrent with the transaction, the two directors resigned from the Company. Effective January 1, 2016, the Loans ceased to accrue interest. Accrued interest on these Loans at December 31, 2017 was $Nil (2016 - $260,389).

On June 9, 2017, the Company completed a debt settlement agreement (the "Settlement") with two former directors of the Company (the "Creditors") with respect to outstanding debt (including principal and interest) totaling $4,033,795, of which $2,735,443 was included in promissory notes payable. Under the terms of the Settlement, the Creditors were issued an aggregate of 929,496 common shares of the Company and 16 million special warrants (the "Special Warrants"). Each Special Warrant may be exercised for only fully paid and non-assessable common share (a "Special Warrant Share") in the capital of the Company without payment of additional consideration for a period of 10 years from the date of issue (Notes 6 and 9).

During the year ended December 31, 2014, the Company received advances pursuant to a promissory note of $1,029,000 from Golden Dreams Limited Partnership ("GDLP"), the general partner of which is Mr. Ronald K. Netolitzky, a control person of the Company. The advances were unsecured and would not bear interest until November 2014. In October 2014, the Company issued 6,860,000 common shares at a value of $0.15 per share to settle the debt of $1,029,000. During the year ended December 31, 2015, the Company also received advances of $25,000 (2014 - $400,000) from Mr. Ronald K. Netolitzky. During the year ended December 31, 2016, the Company received additional $15,000. The advances are unsecured, non-interest bearing and due on demand.

During the year ended December 31, 2015, the Company received $50,000 from an insider of the Company. The loan is unsecured and evidence by promissory notes bearing interest at 6% per annum, calculated and payable on demand. The Company may prepay the principal, in whole or in part, at any time without penalty.

During the year ended December 31, 2015, the Company received US$66,000 from a company that has an insider in common with Lincoln. The loan is secured by the Company's US properties and evidenced by a promissory note bearing interest at 6% per annum. The Company may prepay the principal, in whole or in part, at any time without penalty. During the year ended December 31, 2017, the existing promissory note was terminated and both parties subsequently entered into a new promissory note agreement consisting of the existing principal and interest in the aggregate amount of US$71,000. The loan is secured by the Company's US properties and evidenced by a promissory note bearing interest at 9% per annum. Principal and accrued interest was payable upon termination of the note on September 15, 2017. On January 3, 2018, the Company issued 643,441 common shares for settlement of debt in the amount of $32,172 (Note 15). The Company is currently in default of this note and is renegotiating the terms of the note.

During the year ended December 31, 2016, the Company received $6,527 from a company with certain directors in common. The loan is unsecured, non-interest bearing and due on demand.

(All amounts are in Canadian Dollars, unless otherwise stated)

8 Related party transactions

The following transactions were carried out with related parties:

Key management personnel – services rendered and other compensation

Key management includes offices and directors – executive and non-executive. The compensation paid or payable to key management personnel for the services rendered during the year ended December 31, 2017 and 2016 were as follows:

	Year ended December 31, 2017	Year ended December 31, 2016
	$	$
Directors fees	-	48,000
Management fees	108,000	108,000
Exploration expenses	110,318	103,127
Accounting fees	70,250	70,250
Total	**288,568**	**329,377**

The amounts disclosed in the table are the amounts recognized as an expense during the reporting year. The Company also reimburses key executive directors for travel and other expenses incurred in the normal course of business.

Balance due to related parties

	As at December 31, 2017	As at December 31, 2016
	$	$
Executive officers and their controlled companies	1,389,285	1,277,757
Directors	154,269	154,269
Others	-	14,072
Total	**1,543,554**	**1,446,098**

Balance due from related parties

	As at December 31, 2017	As at December 31, 2016
	$	$
Executive officers and their controlled companies	18,596	-
Total	**18,596**	**-**

On January 3, 2018, the Company issued 11,285,513 common shares for settlement of debt in the amount of $959,269 (Note 15).

Loans from related parties

See Notes 6 and 7 for further details.

Other transactions with related parties

During the year ended December 31, 2017, the Company received $40,125 (2016 - $30,000) from Golden Band Resources Inc., a company with certain officers and directors in common, for office rent.

9 Share capital and reserves

a) Authorized share capital

As at December 31, 2017, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares are fully paid.

On August 16, 2016, the Company closed a non-brokered private placement. The Company issued a total of 2,750,000 units at a price of $0.10 per unit for total gross proceeds of $275,000. Each unit is comprised of one common share of the Company and one-half of one non-transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of $0.12 per share until August 16, 2018. The Company paid $15,750 in cash commissions and issued a total of 157,500 finder's warrants having the same terms as the private placement warrants. The fair value of the finder's warrants was $18,801 calculated using the Black-Scholes Option Pricing Model using the following assumptions: expected life – 2 years; expected volatility – 198.64%; expected dividend yield – 0%; and risk-free rate – 0.52% (Note 11).

On April 26, 2017, the Company closed a non-brokered private placement. The Company issued a total of 11,400,000 units at a price of $0.05 per unit for total gross proceeds of $570,000. Each unit is comprised of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.08 per share until April 26, 2022. The Company paid $32,200 in cash commissions and issued a total of 644,000 finder's warrants having the same terms as the private placement warrants. The fair value of the finder's warrants was $38,510 calculated using the Black-Scholes Option Pricing Model using the following assumptions: expected life – 5 years; expected volatility – 265.58%; expected dividend yield – 0%; and risk-free rate – 1.07% (Note 11).

On June 9, 2017, the Company completed a debt settlement agreement (the "Settlement") with two former directors of the Company (the "Creditors") with respect to outstanding debt (including principal and interest) totaling $4,033,795. Under the terms of the Settlement, the Creditors were issued an aggregate of 929,496 common shares of the Company valued at $55,770 and 16 million special warrants (the "Special Warrants"). Each Special Warrant may be exercised for only fully paid and non-assessable common share (a "Special Warrant Share") in the capital of the Company without payment of additional consideration for a period of 10 years from the date of issue (Notes 6, 7 and 11). The Settlement includes, amongst other things, a restriction on the exercise of the Special Warrants such that the Company shall not be obligated to issue any Special Warrant Shares upon the purported exercise of the Special Warrants if immediately following the exercise of such Special Warrants, the Creditors and their affiliates hold in aggregate more than 9% of the issued and outstanding common shares of the Company. The Special Warrants have no voting rights and no entitlement to dividends. The fair value of the Special Warrants was $960,000 calculated using the Black-Scholes Option Pricing Model using the following assumptions: expected life – 10 years; expected volatility – 223.96%; expected dividend yield – 0%; and risk-free rate – 1.59%. The common shares and Special Warrants issued resulted in a gain on settlement of debts of $3,018,025.

On September 15, 2017, the Company closed a non-brokered private placement. The Company issued a total of 3,100,000 units at a price of $0.05 per unit for total gross proceeds of $155,000. Each unit is comprised of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.10 per share until September 15, 2019. The Company paid $10,850 in cash commissions and issued a total of 217,000 finder's warrants having the same terms as the private placement warrants. The fair value of the finder's warrants was $5,497 calculated using the Black-Scholes Option Pricing Model using the following assumptions: expected life – 2 years; expected volatility – 164%; expected dividend yield – 0%; and risk-free rate – 1.31% (Note 11).

(All amounts are in Canadian Dollars, unless otherwise stated)

b) Capital reserves

	Capital reserve - options	Capital reserve - warrants	Capital reserve – convertible debenture	Total
	$	$	$	$
Balance as at December 31, 2015	1,227,184	122,871	215,386	1,565,441
Share issuance costs – finders' warrants	-	18,801	-	18,801
Balance as at December 31, 2016	1,227,184	141,672	215,386	1,584,242
Share issuance costs – finders' warrants	-	38,510	-	38,510
Share issuance costs – finders' warrants	-	5,497	-	5,497
Special Warrants	-	960,000	-	960,000
Balance as at December 31, 2017	**1,227,184**	**1,145,679**	**215,386**	**2,588,249**

c) Stock options

As at December 31, 2017, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
1,809,000	0.15	November 26, 2019
1,809,000		

Stock option transactions for the year ended December 31, 2017 and for year ended December 31, 2016 are summarized as follows:

	Year ended December 31, 2017		Year ended December 31, 2016	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
		$		$
Balance, beginning of year	1,809,000	0.15	2,024,000	0.15
Expired	-	-	(215,000)	0.15
Balance, end of year	1,809,000	0.15	1,809,000	0.15
Options exercisable, end of year	1,809,000	0.15	1,809,000	0.15

d) Warrants

As at December 31, 2017, the Company had share purchase warrants, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
1,375,000	$0.12	August 16, 2018
157,500	$0.12	August 16, 2018
3,317,000	$0.10	September 15, 2019
12,044,000	$0.08	April 26, 2022
16,893,500		

(All amounts are in Canadian Dollars, unless otherwise stated)

Warrants transactions for the year ended December 31, 2017 and 2016 are summarized as follows:

	Year ended December 31, 2017		**Year ended December 31, 2016**	
	Number of Warrants	Weighted average exercise price	Number of Warrants	Weighted average exercise price
		$		**$**
Balance, beginning of year	1,532,500	0.12	-	-
Issued	12,044,000	0.08	-	-
Issued	3,317,000	0.10	1,532,500	0.12
Balance, end of year	16,893,500	0.09	1,532,500	0.12

e) Share subscriptions received in advance

During the year ended December 31, 2017, the Company received $38,095 related to a private placement that closed on January 26, 2018 (Note 15).

10 Financial instruments

Capital risk management

The Company defines its capital as shareholders' deficiency. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has interests are in the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will need to raise additional funds in the future until the production commences. The Company will continue to assess new properties and seek to acquire an interest in additional properties if management consider there is sufficient geologic or economic potential and the Company has adequate financial resources and support from investors. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes to the Company's approach to capital management during the current year.

(All amounts are in Canadian Dollars, unless otherwise stated)

Categories of financial instruments

	December 31, 2017	December 31, 2016
	$	$
Financial assets *		
Loans and receivables		
Cash	21,899	47,021
Other receivables	32,504	19,343
	54,403	66,364
Financial liabilities		
Current		
Amortized at cost		
Accounts payable and accrued liabilities	847,054	753,968
Due to related parties	1,535,554	1,446,098
Loans payable	86,305	1,392,381
Promissory notes	604,810	596,614
Non-current		
Amortized at cost		
Promissory notes	-	2,735,443
	3,073,723	6,924,504

* Sales taxes recoverable do not represent financial instruments and are excluded from the analysis

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Fair value

The carrying value of cash, other receivables, accounts payable and accrued liabilities, due to related parties, loans payable, and promissory notes approximated their fair value because of the relatively short-term nature of these instruments.

Foreign exchange risk

The Company's operations in the United States expose the Company to foreign exchange risk. The Company is subject to currency risk due to the fluctuations of exchange rates between the Canadian and US dollars. The Company does not believe it is exposed to significant foreign exchange risk. A 10% fluctuation in the foreign exchange rate between the Canadian and US dollar will result in a foreign exchange gain/loss of approximately $149,000. The Company does not enter into derivative financial instruments to mitigate foreign exchange risk.

Credit risk

The Company is not exposed to material credit risk.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not hold any financial liabilities with variable interest rates.

Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors precious metals prices to determine the appropriate course of action to be taken by the Company.

(All amounts are in Canadian Dollars, unless otherwise stated)

11 Supplemental cash flow information

	December 31, 2017	December 31, 2016
	$	$
Cash paid for interest	-	-
Cash paid for income taxes	-	-

On August 16, 2016, the Company issued a total of 157,500 finder's warrants with a fair value of $18,801 (Note 9).

On April 26, 2017, the Company issued a total of 644,000 finder's warrants with a fair value of $38,510 (Note 9).

On June 9, 2017, the Company issued an aggregate of 929,496 common shares of the Company and 16 million Special Warrants to settle outstanding debt totaling $4,033,795 (Note 9).

On September 15, 2017, the Company issued a total of 217,000 finder's warrants with a fair value of $5,497 (Note 9).

During the year ended December 31, 2017, the Company wrote-off accounts payable in the amount of $33,175 (2016 - $36,865).

During the year ended December 31, 2017, the Company wrote-off receivables in the amount of $7,683 (2016 - $Nil).

12 Commitment

In addition to commitments disclosed elsewhere in the consolidated financial statements, pursuant to a premises lease, the Company's future lease commitment as at December 31, 2017 is as follows:

	$
2018	55,927
2019	57,027
2020	58,389
2021	44,557
	215,900

13 Segmented information

The Company operates in one reportable operating segment, being the acquisition, exploration and evaluation of mineral properties.

The Company operates within two geographic areas – United States of America and Canada.

(All amounts are in Canadian Dollars, unless otherwise stated)

	Non-current assets
	$
December 31, 2016	
United States of America	12,339
Canada	18,194
	30,533
December 31, 2017	
United States of America	7,767
Canada	12,298
	20,065

14 Income taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Year ended December 31, 2017	Year ended December 31, 2016
	$	$
Net income (loss) for the year	2,127,815	(341,467)
Expected income tax recovery	553,000	(89,000)
Change in statutory, foreign tax, foreign exchange rates and other	1,126,000	13,000
Permanent differences	(392,000)	(6,000)
Share issue costs	(11,000)	-
Change in unrecognized deductible temporary differences	(1,276,000)	82,000
	-	-

The Canadian income tax rate increased during the year due to changes in the law that increased corporate income tax rates in Canada.

The significant components of the Company's unrecognized temporary differences and unused tax losses are as follows:

	December 31, 2017	December 31, 2016	Expiry Date Range
	$	$	
Temporary differences:			
Mineral properties	3,757,000	4,032,000	No expiry date
Share issue costs	44,000	13,000	2037 to 2041
Other	92,000	94,000	No expiry date
Non-capital losses available for future periods	15,671,000	16,511,000	2026 to 2037

Tax attributes are subject to review, and potential adjustment by tax authorities.

15 Subsequent events

On January 3, 2018, the Company issued a total of 13,029,755 common shares for settlement of debt totaling $1,046,481. Of this amount, 11,285,513 common shares were issued to settle indebtedness to certain related parties of $959,269 and 1,744,242 common shares were issued to settle indebtedness to creditors of $87,212 (Note 7 and 8).

On January 26, 2018, the Company closed the first tranche of a non-brokered private placement. The Company issued a total of 13,421,904 units at a price of $0.05 per unit for total gross proceeds of $671,095. Each unit is comprised of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.08 per share until April 26, 2022. The Company paid a finder's fee of $6,250.

On February 20, 2018, the Company closed the second tranche of a non-brokered private placement. The Company issued a total of 1,420,000 units at a price of $0.05 per unit for total gross proceeds of $71,000. Each unit is comprised of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.08 per share until April 26, 2022.

On March 26, 2018, the Company terminated the option granted to Ausgold due to not satisfying its obligations under the option agreement (Note 4).

LINCOLN
MINING CORP.

FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) AS OF APRIL 27, 2018 TO ACCOMPANY THE CONSOLIDATED FINANCIAL STATEMENTS OF LINCOLN MINING CORPORATION (THE “COMPANY” OR “LINCOLN”) FOR THE YEAR ENDED DECEMBER 31, 2017.

This Management’s Discussion and Analysis (“MD&A”), which has been prepared as of April 27, 2018, should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2017. All financial amounts are stated in Canadian currency unless stated otherwise.

This MD&A contains certain forward-looking statements based on the best beliefs, and reasonable assumptions of the management of Lincoln Mining Corporation. There are many risks and uncertainties attached to the mineral exploration business. Given these risks and uncertainties, the reader should not place undo reliance on these forward-looking statements.

Additional information relating to the Company’s activities may be found on the Company’s website at www.lincolnmining.com and at www.sedar.com.

1. Overview

Lincoln Mining Corporation (the “Company” or “Lincoln”) is incorporated under the Business Corporations Act, British Columbia. The Company’s head and registered office, principal address and records is Suite 400 - 789 West Pender Street, Vancouver, British Columbia, Canada, V6C 1H2. The Company is listed on the TSX Venture Exchange (“TSX-V: LMG”) and Frankfurt Stock Exchange (“ZMG”).

Lincoln Mining Corp. is a precious metals exploration and development company with two projects in various stages of exploration which include the Pine Grove property in Nevada, USA, and the Oro Cruz gold property in California, USA. In the United States, the Company operates under its subsidiaries, Lincoln Gold US Corp and Lincoln Resource Group Corp.

The Company’s intention and strategies are to continue to advance its projects, with a long term goal of building Lincoln into a mid-tier gold producer.

Activities during the year ended December 31, 2017:

On June 15, 2017, the Company announced that it had completed a debt settlement agreement with two former directors of the Company with respect to outstanding debt, including principal and debt, totaling $4,033,795. The settlement results results in the debt being eliminated from the Company’s balance sheet.

On August 22, 2017 the Company provided an update on progress at itd Pine Grove property in Nevada. Lincoln is encouraged by the results from its most recent PEA and will begin advancing the Pine Grove project towards production and as such will focus the majority of its efforts in permitting the project for production. Resource exploration will be a continuing effort. Subsequent to the end of the quarter the Company provided an update on its permitting; see the news release of November 9, 2017.

On June 9, 2017, the Company completed a debt settlement agreement (the "Settlement") with two former directors of the Company (the "Creditors") with respect to outstanding debt (including principal and interest) totaling $4,033,795. Under the terms of the Settlement, the Creditors were issued an aggregate of 929,496 common shares of the Company valued at $55,770 and 16 million special warrants (the "Special Warrants"). Each Special Warrant may be exercised for only fully paid and non-assessable common share (a "Special Warrant Share") in the capital of the Company without payment of additional consideration for a period of 10 years from the date of issue. The Settlement includes, amongst other things, a restriction on the exercise of the Special Warrants such that the Company shall not be obligated to issue any Special Warrant Shares upon the purported exercise of the Special Warrants if immediately following the exercise of such Special Warrants, the Creditors and their affiliates hold in aggregate more than 9% of the issued and outstanding common shares of the Company. The Special Warrants have no voting rights and no entitlement to dividends. The fair value of the Special Warrants was $960,000 calculated using the Black-Scholes Option Pricing Model using the following assumptions: expected life – 10 years; expected volatility – 223.96%; expected dividend yield – 0%; and risk-free rate – 1.59%. The common shares and Special Warrants issued resulted in a gain on settlement of debts of $3,018,025.

On September 15, 2017, the Company closed a non-brokered private placement. The Company issued a total of 3,100,000 units at a price of $0.05 per unit for total gross proceeds of $155,000. Each unit is comprised of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.10 per share until September 15, 2019. The Company paid $10,850 in cash commissions and issued a total of 217,000 finder's warrants having the same terms as the private placement warrants.

Bell Mountain Project Status

On February 2, 2015, Laurion announced that the sale of the Bell Mountain property in Nevada to Lincoln was terminated for non-payment. Lincoln had incurred approximately $1.6 million of the cash purchase price of $2.35 million and $1.4 million of the $1.75 million requirement in exploration expenditures. Eros Resources Corp. ("Eros") has acquired the property from Laurion. (refer to news release dated February 4, 2015 for further details).

Pine Grove Project Status

During the year ended December 31, 2016, the Company entered into an Exploration License Agreement (the "Agreement") with Placer Solutions LLC ("Placer"), a private company based in Montana, USA, to explore the placer claims on Lincoln's Pine Grove project in Nevada (the "Placer Claims"). The Agreement applies to the Company's Pine Grove placer claims only as it is the Company's intent to develop its lode claims separately.

Under the terms of the Agreement, for a period of 18 months, the Company has granted Placer: i) the exclusive right to explore the Placer Claims for a one-time payment of US$10,000 (received), ii) an exclusive option to enter into a five (5) year mining lease on the Claims for an annual rental fee of US$10,000 (received) for the first year and US$6,000 thereafter and a net operating profit royalty of 20% (the "Lease Option").

Should Placer exercise the Lease Option, Placer has an exclusive right to purchase the Placer Claims (and certain ancillary water rights) plus buyout the royalty for a total consideration of US$1,500,000 for a period of three years from the anniversary of the lease. The Agreement may be terminated at Placer's discretion upon 60 days' written notice to the Company.

In January 2017 Lincoln received word from Placer that it would carry on with its operation at the Pine Grove property. During the summer, Fall and winter months of 2017 and the early part of 2018 Placer carried out various work programs. The work included seismic refraction surveys, dump sampling, and sonic drilling of the dumps and natural occurring placer materials. Also in early 2018 Placer planned and completed screening operations and dump material stockpiling which will be fed through a gravity recovery palnt later in the year.

In June 2016, Goldcliff Resource Corporation ("Goldcliff"), a company with a common director, acquired the lease to the Wilson claims from the Company in exchange for Goldcliff assuming the future lease commitments as well as outstanding lease payments and work commitments.

In August 2016, the Company entered into an agreement with Goldcliff whereby Goldcliff can earn a 40% interest in the Wheeler and Votipka leases and Cavanaugh property in exchange for incurring US$1,400,000 in exploration expendiuture on the properties over three years, and conveying back to the Company a 60% interest in the Wilson lease that previously was acquired by Goldcliff. The Company is the operator for the earn-in.

The drilling program previously announced on October 27, 2016 was completed by mid-December. The 14 holes totalled 2,132.6 metres (6,9762.5 feet). All assays were received by the first of February and are reviewed in the news release of February 9th, 2017.

No additional exploration work was carried out on the property during 2017. However a number of permitting studies were performed. In August the Company engaged a team of consultants to guide it through the permitting process. The Company plans to submit a Plan of Operations (PoO) by August 2018 which will include all pertinent information regarding the overall design, construction plans, operational details, and closure scenario of the proposed mine.

To aid the Company in all this work, Lincoln is pleased to announce the engagement of an effective permitting team that will allow it to proceed with permitting of the Pine Grove Project towards operation. The consulting team with respective task assignments consists of the following:

Stantec Consulting Services Inc. – For the collection of environmental baseline data and writing of environmental reports. Stantec has prepared documentation to present the results of acid base accounting ("ABA") and meteoric water mobility procedure ("MWMP") of samples from drill holes intended to test waste rock at Lincoln's proposed Pine Grove Project. This testing was requested by the NDEP's Bureau of Mining Reclamation and Regulation ("BMRR"). Stantec has delivered archaeological, botanical and wildlife studies to the USFS. Stantec installed a meteorological station and has collected site-specific weather data since 2010. Stantec is preparing a Reclamation Plan for the proposed Pine Grove mine.

Welsh Hagen Associates – Working with management and other consultants on the Plan of Operations ("POO") as it pertains to mine design.

Kappes, Cassiday & Associates – Metallurgical assessment, process engineering, and mine facilities design and construction.

Golder Associates Inc. – Collection and evaluation of geotechnical information required for the POO and pit wall stability.

Oro Cruz Property Status

The Oro Cruz property has excellent potential for open-pit and underground mining. An Inferred resource for the project was reported in a NI 43-101 Technical Report in September 2010.

Lincoln's immediate goal has been to increase and advance the 376,600 Inferred ounces gold to Measured and Indicated categories by confirmation drilling. No significant exploration work has been completed since early 2013. New funding will be required for the confirmation program. The Company is considering the possibility of a JV on the project.

In May of 2017 Lincoln announced that pursuant to a letter agreement dated May 9, 2017, the Company, through its subsidiary, Lincoln Gold US Corp. ("**Lincoln US**"), granted Ausgold Resources Pty. Ltd. ("**Ausgold**") an option until June 30, 2017 to enter into a joint venture agreement for the development of the Oro Cruz Property located in Imperial County, California ("**JV Option**"). As consideration for granting the JV Option, Ausgold has paid Lincoln US USD$7,500 and committed to purchasing USD$30,000 worth of securities in the Company's next private placement.

The JV Option is exercisable by Ausgold providing Lincoln US with notice that Ausgold is satisfied with its due diligence investigation of Lincoln US's Oro Cruz Property and has entered into an option with a third party to acquire certain mineral claims referred to as the Hercules claims in Imperial County, California. The joint venture will cover the Hercules claims and the 131 claims held by Lincoln US as well as any mining interests or mineral properties acquired by either party within five miles of the Lincoln US claims.

The JV Option was exercised and the parties agreed to negotiate a formal joint venture agreement which will include the following:

a. periodic payments to Lincoln US from June 30, 2017 until January 15, 2019 totalling US$225,000 plus 200,000 shares of Ausgold (or an additional US$30,000 if Ausgold shares are not publicly traded);
b. expenditures of an aggregate of US$1,000,000 by January 15, 2019 on the claims covered by the joint venture, with Ausgold as the operator;
c. upon the above payments and expenditures being made, Ausgold will hold a 51% joint venture interest and Lincoln US will hold a 49% interest;
d. upon Ausgold earning a 51% joint venture interest, Ausgold shall have the right to increase its interest in the joint venture to 75% by spending an additional US$1,100,000 on the joint venture properties by January 15, 2020.

Subsequent to the end of the year Lincoln announced in March 2018 that its subsidiary, Lincoln Gold US Corp. ("Lincoln US"), has terminated the option it granted to Ausgold Resources Pty. Ltd. ("Ausgold") on May 9, 2017 on Lincoln US' Oro Cruz property as a consequence of Ausgold not satisfying its obligations under the option agreement. Lincoln retains the property in good standing. Lincoln is in the process of reacquiring an option on the Hercules claims at the time of writing this annual report.

2. Results of Operations

Results of Operations – For the year ended December 31, 2017

For the year ended December 31, 2017, the Company incurred an operational income of $2,127,815 (2016: loss of $341,467). The Company recognized a gain on settlement of debts in the amount of $3,018,025. Removing this from the results, the Company had an operational loss of $890,210.

(in Canadian dollars, unless otherwise stated)

The significant expenses comprise of the following:

	2017	**2016**	**2015**
	$	**$**	**$**
Revenues	-	-	-
Exploration expenses	**446,937**	**46,636**	**279,385**
Impairment provision for mineral properties	**-**	**-**	**-**
Recovery of mineral properties previously impaired	**-**	**-**	**(874,018)**
Impairment provision for reclamation bond	**-**	**-**	**-**
Administrative expenses (top 5 categories):			
Consulting and management fees	123,050	172,487	185,205
Investor relations and shareholder services	180,489	63,181	180,879
Office maintenance	14,312	9,407	126,177
Professional fees (legal and accounting)	180,677	100,983	130,851
Travel	20,053	7,783	980
Subtotal	**518,581**	**353,841**	**624,092**
% to total income/loss	24%	100%	100%
Other administrative expenses			
Share-based compensation	-	-	5,752
Other administrative expenses	(68,634)	(34,256)	418,035
Interest income	(61)	(122)	(217)
Interest expense	18,879	12,233	256,528
Loss on sale of available-for-sale investments	-	-	85,618
Write-down of accounts receivable	7,683	-	4,725
Write-off of accounts payable	(33,175)	(36,865)	(277,606)
Gain on settlement of debts	(3,018,025)	-	-
Net income (loss) for the year	**2,127,815**	**341,467**	**522,294**
Comprehensive earnings (loss) for the year	**2,127,815**	**341,467**	**427,203**
Basic and diluted earnings (loss) per common share	**0.06**	**(0.01)**	**(0.02)**
Total assets	**193,618**	**191,502**	**58,776**
Total non-current liabilities	**81,543**	**2,822,719**	**2,825,403**
Cash dividends declared per share	**n/a**	**n/a**	**n/a**

Other administrative expenses consists of administrative support of $1,405 (2016: $49,212; 2015: $138,528), depreciation of $4,594 (2016: $3,070; 2015: $3,886), and foreign exchange gain of $74,633 (2016: gain of $86,538; 2015: loss of $275,621).

Consulting and management fees decreased by $49,437 from $172,487 in 2016 to $123,050 in 2017, investor relations and shareholder services increased by $117,308 from $63,181 in 2016 to $180,489 in 2017, and professional fees increased by $79,694 from $100,983 in 2016 to $180,677 in 2017.

Due to the completed private placements and debt settlement to certain creditors during the year, the Company increased its costs related to investor relations and shareholder services and professional compared to 2016.

Also during the year ended December 31, 2017, the Company incurred interest expense of $18,879 compared to $12,233 for 2016 as a result of the loans and promissory notes, except for loans from the President of the Company, ceasing to accrue interest effective January 1, 2016.

During the year ended December 31, 2017, the Company granted stock options to certain directors, management and consultants resulting in a non-cash stock-based compensation expense of $Nil (2016: $Nil; 2015: $5,752).

(in Canadian dollars, unless otherwise stated)

The Company's key projects are Pine Grove, and Oro Cruz. The total costs incurred on all significant projects since 2007 is summarized in the table below:

Exploration expenses (recoveries)	**Pine Grove**	**Oro Cruz**	**Bell Mountain**	**La-Bufa**	**Other properties (refunds)**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
2017, (IFRS reporting)	509,985	(70,594)	-	-	7,546	446,937
2016, (IFRS reporting)	(602)	47,238	-	-	-	46,636
2015, (IFRS reporting)	162,901	83,380	33,104	-	-	279,385
2014, (IFRS reporting)	318,941	157,797	144,295	46,897	7,811	675,741
2013, (IFRS reporting)	326,388	119,081	1,200,383	87,646	32,150	1,765,648
2012, (IFRS reporting)	234,525	247,285	100,461	402,810	7,590	992,671
2011, (IFRS reporting)	610,664	404,483	-	1,240,844	11,288	2,267,279
2010, (IFRS reporting)	1,609,436	310,637	-	472,534	1,645	2,394,252
2009, (Canadian GAAP)	553,319	7,586	-	121,861	(7,898)	674,868
2008, (Canadian GAAP)	509,333	-	-	1,501,906	14,347	2,025,586
2007, (Canadian GAAP)	154,145	-	-	163,705	25,287	343,137
	4,479,050	**1,377,487**	**1,478,243**	**4,038,203**	**92,220**	**11,912,140**
Less recoveries	**-**	**(328,765)**	**-**	**(1,051,735)**	**-**	**(1,380,500)**
Total exploration expenses incurred	**4,989,035**	**978,128**	**1,478,243**	**2,986,468**	**99,766**	**10,531,640**

Summary of Quarterly Results:

	4th Quarter 2017	**3rd Quarter 2017**	**2nd Quarter 2017**	**1st Quarter 2017**
	$	**$**	**$**	**$**
Revenue	-	-	-	-
Exploration expenses (recovery)	316,968	140,406	(35,694)	25,257
Administrative expenses (incl. interest expense)	136,047	80,087	148,884	103,747
Income (loss) and comprehensive earnings (loss)	(427,523)	(220,493)	2,904,835	(129,004)
Basic and diluted earnings (loss) per share	(0.01)	(0.01)	0.09	(0.01)
Total assets	190,921	319,029	384,297	164,630
Working capital deficiency	(2,900,170)	(2,513,234)	(2,433,927)	(4,131,604)

2016 Quarterly Results:	**4th Quarter**	**3rd Quarter**	**2nd Quarter**	**1st Quarter**
	$	**$**	**$**	**$**
Revenue	-	-	-	-
Exploration expenses (recovery)	(30,360)	50,735	17,613	8,648
Administrative expenses (incl. interest expense)	71,578	117,215	(13,636)	156,539
Income (loss)	(4,353)	(167,950)	(3,977)	(165,187)
Comprehensive income (loss)	(4,353)	(167,950)	(3,977)	(165,187)
Basic and diluted earnings (loss) per share	(0.00)	(0.01)	(0.00)	(0.01)
Total assets	191,502	160,060	51,957	53,412
Working capital (deficiency)	(4,028,092)	(4,021,850)	(4,121,395)	(4,075,832)

The administrative expenses over the recent quarters decreased as a result of increase in activity related to the completed private placements and debt settlement agreements with certain creditors.

3. Project Summaries and Activities

PROJECTS - Overview

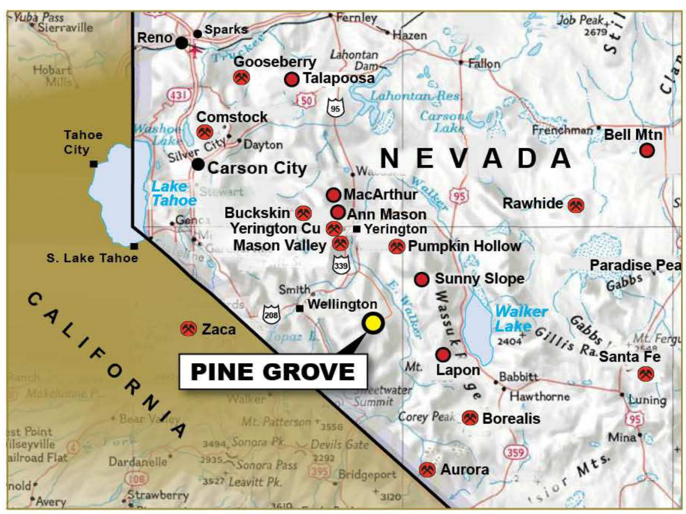
Pine Grove Property, Nevada – The Pine Grove project, located in Lyon County, Nevada, is the Company's most advanced project. At the time of writing of this MDA Lincoln is well underway the permitting studies needed to take the project to production. An amended and restated Preliminary Economic Assessment was issued on February 4, 2015 and filed with the British Columbia Securities Commission and is available for review under the Company's profile on SEDAR (see Lincoln news release February 16, 2015). A prefeasibility study will be undertaken by mid 2018 and be completed in the final quarter of that same year.

Pine Grove Gold Property, Lyon County, Nevada

Pine Grove – Overview:

The Pine Grove Property continues as a development-stage gold project. The project lies approximately 20 miles south of Yerington, in the Pine Grove Hills, Lyon County, Nevada. The Company has mining leases on the Wilson and Wheeler mines (patented claims) and 243 unpatented claims owned directly by Lincoln. The Company's land position covers approximately 7 square miles that encompass the main gold mineralization, exploration targets and adequate land for mine facilities. Two hundred seventy-three holes have been drilled in the district. Eighty-three holes were drilled in 2009 and 2010 by Lincoln.

On December 8, 2011, a Preliminary Economic Assessment (PEA) was issued by Telesto Nevada Inc. of Reno, NV. An amended and restated PEA was issued on February 4, 2015 by Welsh-Hagen Associates (formerly Telesto Nevada Inc.) and their Qualified Persons. (see Lincoln news release February 16, 2015)



The 2015 PEA reports total Measured and Indicated resources at 134,500 ozs gold contained in 3,373,000 tons of mineralized material grading 0.040 opt Au using a cutoff grade of 0.007 opt gold. Inferred resources were reported at 6,600 ozs gold contained in 160,000 tons of mineralized material grading 0.041 opt Au using a cutoff grade of 0.007 opt Au. In order to comply with the CIM definition for resources, only those mineralized blocks contained within a designed pit shell are reported as resources. These resources are contained in two conceptual pits, the Wheeler and the Wilson, based on a gold price of $1,425.

A prefeasibility study will be undertaken by mid 2018 and be completed in the final quarter of that same year.

Yearly land payments were made to the BLM and the County to keep the property in good standing.

The Pine Grove – Preliminary Economic Assessment

On February 16, 2015, Lincoln announced that it had received a positive PEA on the proposed open-pit and heap-leach operations at the Pine Grove gold project. A summary of total Measured and Indicated resources and Inferred resources is presented in the table below. Combined Measured resources (72%) and Indicated resources (28%) total 134,500 ozs gold within designed pit shells containing 3,373,000 tons of mineralized material grading 0.040 opt gold at a 0.007 opt gold cutoff grade. Combined Inferred resources within designed pit shells contain 160,000 tons of mineralized material grading 0.041 opt gold at a 0.007 opt gold cutoff grade. The pits were designed on a gold price of $1425 per oz. The PEA recommends two conventional open pits with a combined stripping ratio of 3.2:1 (Wheeler 2.2:1; Wilson 4.4:1). Contract mining would be employed with a goal of producing 1 million tons of leachable ore per year. Mining operations would be conducted 5 days per week, one shift per day. Crushing operations reducing the ore to 3/8-inch would be conducted 5 days per week, 2 shifts per day with 1 weekend maintenance shift. A gold recovery value of 75% is estimated if the crushed ore is agglomerated. The mine life is presently estimated at 5 years with gold production over a 4-year period ranging from approximately 23,000 to 27,000 ozs gold per year. Capital costs are estimated at approximately $29.8 million. At $1425 per oz gold, the project has an IRR of 23% after royalties, reclamation costs, and the Nevada net Proceeds Tax.

History and Recent Activities

The Pine Grove project is located south of Reno, Nevada Lincoln Resource, with its joint venture partner Goldcliff Resources, controls 100% of the Pine Grove Gold Project. Historic gold production was 240,000 ozs high-grade gold from underground mining in the late 1800s and early 1900s

In 2007, Lincoln acquired a 7 sq. mile land package covering the entire mining district. Includes two important private parcels, the Wilson patents and the Wheeler patents. Approximately 90% of the gold resources defined to date occur on the private lands which are surrounded by Forest Service ground.
Drilling of 190 drill holes by Teck Resources in the 1990s, 85 holes drilled by Lincoln in 2010 and 2016 for a total of 275 holes including 6 metallurgical core holes. The metallurgical work has been completed by McClelland Labs and Kappes Cassiday in Reno; good recoveries have been shown. Engineering work has been completed by Welsh-Hagen Associates in Reno and a positive Preliminary Economic Assessment was completed in 2011 & amended in 2015. A pre-feasibility is underway and should be complete by mid-year 2018. Extensive environmental baseline studies have been completed and others are on-going. The studies are being lead by Stantec Consulting Services in Renoand include Wildlife Studies including sage grouse & raptors studies, botanical studies, seeps & springs studies, hydrologic basin studies, cultural resources surveys, static & kinetic geochemical studies on waste and ore, on-site weather station, and many more studies are required and underway.

Planned additional work will include expanded archaeological surveys and hydrologic basin analysis. Also, some additional geochemical testing for acid-base accounting and water mobility is planned. As well, permitting for production continued throughout the year.

Lincoln plans to advance the Pine Grove project to an open-pit mine with heap-leach gold recovery. In that regard the Company hired a senior permitting consultant to help it acquire all necessary permits for production. While a number of studies have been completed that are needed for permitting completion there are a number of studies remaining to be completed.

In November 2016, the Company along with its JV partner, Goldcliff Resource Corporation began a 14 hole drill program on the north side of its Wilson patented ground. The drilling was completed by mid December 2016. All assays were received by the beginning of February 2017. A news release issued on February 9 2017 summarizes the assay results.

The Company announced on April 19th, 2017 that it has hired a Director of Permitting and Environmental Compliance. Mr. Del Fortner, who from 2003 to 2006 directed the Federal mining program for Nevada as Deputy State Director of the Bureau of Land Management (BLM), will assist the joint venture in developing the most cost effective and timely strategies for all exploration and mine development permit issues. He will also provide guidance for all communication with environmental consultants, local, state and federal agencies and local stakeholders.

During the year the Company was informed by the Nevada State Division of Water Resources that it was forfeiting certain of our water rights at Pine Grove for non-use. This was at the time when the Company was in the process of applying for a point of diversion change. The Company sued the Water Division for a return of its water rights. The Company filed a petition for judicial review of the decision of the Division of Water Resources seeking reinstatement of the water rights and the right to apply for an extension of time to place the water to beneficial use. The District Court entered its written decision in August 2017 granting the Company's petition. Lincoln has applied for an extension of time to place the water to beneficial use and will apply to change the point of diversion of the water to the Company's proposed mine site.

Oro Cruz Gold Property, Imperial County, California

Oro Cruz – Overview:

The Oro Cruz Property is located in the Tumco Mining District of southeastern California. The project is approximately 14 miles southeast from the operating Mesquite gold mine (New Gold Inc.) and adjacent to the past producing American Girl and Padre-Madre gold mines. Acquired in February 2010, Oro Cruz consists of 151 lode claims covering approximately 3,000 acres. Oro Cruz is a pre-development stage gold project.

In September 2010, Lincoln filed a NI 43-101 technical report. Oro Cruz has an Inferred resource estimate of 376,600 ozs gold, grading 0.050 opt gold at a 0.01 opt cutoff grade. The existing pit and underground decline expose gold mineralization. Previous work has identified multiple exploration targets and Lincoln has identified several satellite gold zones, which offer potential for increasing gold resources.

Mojave-Sonora Mineral Trend

(in Canadian dollars, unless otherwise stated)

Oro Cruz – History:

The Tumco district was first discovered by the Spaniards and mined as early as 1780-81. The district is believed to have produced the first gold in California. Most recent production was by the American Girl Joint Venture whereby MK Gold Company produced 61,000 ozs gold in one year (1995-96) from open-pit and underground operations. Ore was hauled 2 miles to the southeast where it was milled and heap leached on the American Girl mine site. MK Gold ceased mining when gold prices dropped. Prior to cessation of mining, MK Gold was in the process of a pit wall push back to access additional "ore" in the pit. Gold mineralization remains exposed in the open pit and also in the underground workings.

Claim payments were made in August to the BLM and County to keep the property in good standing.

Recent Activities

It was decided by the board of Directors that the Company should look for a JV partner to advance the project. The Company talked to various companies in that regard and was able to sign an option for a joint venture with AusGold Resources Pty, Ltd. See above for details of that agreement.

Subsequent to the Year End.

Lincoln announced in March 2018 that its subsidiary, Lincoln Gold US Corp. ("Lincoln US"), has terminated the option it granted to Ausgold Resources Pty. Ltd. ("Ausgold") on May 9, 2017 on Lincoln US' Oro Cruz property as a consequence of Ausgold not satisfying its obligations under the option agreement. Lincoln retains the property in good standing. Lincoln is in the process of reacquiring an option on the Hercules claims at the time of writing this annual report.

Oro Cruz – Geology & Mineralization:

Oro Cruz Gold Resources – September 2010 – Tetra Tech Report

Category	Cutoff Grade (opt gold)	Short Tons	Average Grade (opt gold)	Contained Ozs Gold
Inferred	0.02	4,835,000	0.070	341,800
Inferred	0.01	7,860,000	0.050	376,600

Subsequent to the Year End

There was no work carried out on the property after the year end.

New Opportunities

Lincoln continues to evaluate mineral properties which contain significant drilled gold resources. Evaluations are focused on deposits in the western United States. Gold properties with economic merit and good logistics will be considered for acquisition.

(in Canadian dollars, unless otherwise stated)

4. Outstanding Share Data

The Company's issued and outstanding common shares are 68,797,176 as at the date of this report.

The Company has a total of 1,809,000 outstanding options with exercise price of $0.15 expiring on November 26, 2019.

The Company has a total of 1,532,500 share purchase warrants with exercise price of $0.12 expiring on August 16, 2018; 12,044,000 share purchase warrants with exercise price of $0.08 expiring on April 26, 2022; 3,317,000 share purchase warrants with exercise price of $0.10 expiring on September 15, 2019 and 16,000,000 special warrants expiring on June 9, 2027.

5. Related Party Transactions

The following transactions were carried out with related parties:

Key management personnel – services rendered and other compensation

Key management includes officers and directors – executive and non-executive. The compensation paid or payable to key management personnel for the services rendered during the year ended December 31, 2017 and 2016 were as follows:

	Year ended December 31, 2017	Year ended December 31, 2016
	$	$
Directors fees	-	48,000
Management fees	108,000	108,000
Exploration expenses	110,318	103,127
Accounting fees	70,250	70,250
Share-based compensation	-	-
Total	**288,568**	**329,377**

The amounts disclosed in the table are the amounts recognized as an expense during the reporting year. The Company also reimburses key executive directors for travel and other expenses incurred in the normal course of business.

Balance due to related parties

	As at December 31, 2017	As at December 31, 2016
	$	$
Executive officers and their controlled companies	1,389,285	1,277,757
Directors	154,269	154,269
Others	-	14,072
Total	**1,543,554**	**1,446,098**

Balance due from related parties

	As at December 31, 2017	As at December 31, 2016
	$	$
Executive officers and their controlled companies	18,596	-
Total	**18,596**	**-**

On January 3, 2018, the Company issued 11,285,513 common shares for settlement of debt in the amount of $959,269.

Loans

During the year ended December 31, 2014, the Company received a $24,300 unsecured demand loan from the President of the Company to fund the Company's current working capital requirements. During the year ended December 31, 2015, the Company received additional $7,200 unsecured demand loan from the President of the Company. During the year ended December 31, 2016, the Company received additional $14,310, and repaid $2,200, unsecured demand loan from the President of the Company. During the year ended December 31, 2017, the Company received additional $17,900, and repaid $29,605, unsecured demand loan from the President of the Company. The loan is unsecured, bearing interest at 5% per annum, calculated and payable on demand. The Company may repay the principal, in whole or in part, at any time without penalty.

During the year ended December, 2015, the Company received a $50,000 loan from an arm's length party. The loan is unsecured, bearing interest at 10% per annum, calculated and payable on demand. The Company may repay the principal, in whole or in part, at any time without penalty.

Effective January 1, 2016, all loans, except for the loans received from the President of the Company, ceased to accrue interest.

In February 2014, the $2,300,000 convertible debenture held by Procon (plus approximately $175,000 in accrued interest), was repaid in full and discharged using funds advanced to Lincoln through unsecured, non-convertible loans from companies controlled by two former directors of Lincoln (the "Loans"). The Loans bear interest at a rate of 6% per annum, payable monthly commencing April 1, 2014 for a term of five years at which point the principal amount owing under the Loans is due. Concurrent with the transaction, the two directors resigned from the Company. Effective January 1, 2016, the Loans ceased to accrue interest. Accrued interest on these Loans at December 31, 2017 was $Nil (2016 - $260,389).

During the year ended December 31, 2014, the Company received advances pursuant to a promissory note of $1,029,000 from Golden Dreams Limited Partnership ("GDLP"), the general partner of which is Mr. Ronald K. Netolizky, a control person of the Company at the time. The advances were unsecured and did not bear interest until November 2014. In October 2014, the Company issued 6,860,000 common shares at a value of $0.15 per share to settle the debt of $1,029,000. The Company also received advances of $425,000 from Mr. Ronald K. Netolitzky. During the year ended December 31, 2016, the Company received additional $15,000. The advances are unsecure non-interest bearing and due on demand.

During the year ended December 31, 2015, the Company received loans totaling CDN$100,000 ($50,000 of which was received from an insider) and US$66,000 from Eros Resource Corp., a company with an insider in common with Lincoln (see news releases dated August 10 and 24, 2015 for details). During the year ended December 31, 2017, the existing promissory note was terminated and both parties subsequently entered into a new promissory note agreement consisting of the existing principal and interest in the aggregate amount of US$71,000. The loan is secured by the Company's US properties and evidenced by a promissory note bearing interest at 9% per annum. Principal and accrued interest was payable upon termination of the note on September 15, 2017. On January 3, 2018, the Company issued 643,441 common shares for settlement of debt in the amount of $32,172. The Company is currently in default of this note and is renegotiating the terms of the note.

During the year ended December 31, 2016, the Company received $6,527 from a company with certain directors in common. The loan is unsecured, non-interest bearing and due on demand.

On June 9, 2017, the Company completed a debt settlement agreement (the "Settlement") with two former directors of the Company (the "Creditors") with respect to outstanding debt (including principal and interest) totaling $4,033,795, of which $1,298,352 was included in loans payable and $2,735,443 was included in promissory notes payable. Under the terms of the Settlement, the Creditors were issued an aggregate of 929,496 common shares of the Company and 16 million special warrants (the "Special Warrants"). Each Special Warrant may be exercised for only fully paid and non-assessable common share (a "Special Warrant Share") in the capital of the Company without payment of additional consideration for a period of 10 years from the date of issue. The common shares and Special Warrants issued resulted in a gain on settlement of debts of $3,018,025.

(in Canadian dollars, unless otherwise stated)

Other transactions with related parties

During the year ended December 31, 2017, the Company received $40,125 (2016 - $30,000) from Golden Band Resources Inc., a company with certain officers and directors in common, for office rent.

6. Liquidity and Solvency

The following table summarizes the Company's cash on hand, working capital and cash flow:

	December 31, 2017	December 31, 2016
	$	$
Working capital (deficiency)	(2,900,170)	(4,028,092)
Long-term debt	81,543	2,822,719

	Year ended December 31, 2017	Year ended December 31, 2016
	$	$
Cash used in operating activities	(728,462)	(255,475)
Cash used in investing activities	-	(10,320)
Cash provided by financing activities	703,340	297,887
Change in cash	(25,122)	32,092

On August 16, 2016, the Company closed a non-brokered private placement. The Company issued a total of 2,750,000 units at a price of $0.10 per unit for total gross proceeds of $275,000. Each unit is comprised of one common share of the Company and one-half of one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.12 per share until August 16, 2018. The Company paid $15,750 in cash commissions and issued a total of 157,500 finder's warrants having the same terms as the private placement warrants.

On April 26, 2017, the Company closed a non-brokered private placement. The Company issued a total of 11,400,000 units at a price of $0.05 per unit for total gross proceeds of $570,000. Each unit is comprised of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.08 per share until April 26, 2022. The Company paid $32,200 in cash commissions and issued a total of 644,000 finder's warrants having the same terms as the private placement warrants.

On September 15, 2017, the Company closed a non-brokered private placement. The Company issued a total of 3,100,000 units at a price of $0.05 per unit for total gross proceeds of $155,000. Each unit is comprised of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.10 per share until September 15, 2019. The Company paid $10,850 in cash commissions and issued a total of 217,000 finder's warrants having the same terms as the private placement warrants.

The Company is dependent on the sale of shares to finance its exploration activities, property acquisition payments and general and administrative costs. The Company will have to raise additional funds in the future to continue its operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of financing cannot be obtained, then the Company will be forced to curtail its activities.

Subsequent to the Year End

On January 3, 2018, the Company issued a total of 13,029,755 common shares for settlement of debt totaling $1,046,481. Of this amount, 11,285,513 common shares were issued to settle indebtedness to certain related parties of $959,269 and 1,744,242 common shares were issued to settle indebtedness to creditors of $87,212.

On January 26, 2018, the Company closed the first tranche of a non-brokered private placement. The Company issued a total of 13,421,904 units at a price of $0.05 per unit for total gross proceeds of $671,095. Each unit is comprised of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.08 per share until April 26, 2022. The Company paid a finder's fee of $6,250.

On February 20, 2018, the Company closed the second tranche of a non-brokered private placement. The Company issued a total of 1,420,000 units at a price of $0.05 per unit for total gross proceeds of $71,000. Each unit is comprised of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.08 per share until April 26, 2022.

On March 26, 2018, the Company terminated the option granted to Ausgold due to not satisfying its obligations under the option agreement.

7. Commitment

During the year ended December 31, 2015, the Company signed a new office lease effective October 1, 2015 in the amount of $4,642 per month plus escalation for a period of three years. In April 2018, the Company extended the lease for another 3 years for similar rates.

8. Capital Resources

The Company's primary sources of funding are equity financing through the issuance of stock and debt financing. The Company has no operations that generate cash flows and its long term financial success is dependent on discovering properties that contain mineral reserves that are economically recoverable.

The Company exercises its best effort to seek and utilize its capital resources in an efficient manner in order to meet its business commitments including exploration and mineral property development, acquisitions and working capital.

Capital risk management

The Company defines its capital as shareholders' deficiency. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has interests are in the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will need to raise additional funds in the future until the production commences. The Company will continue to assess new properties and seek to acquire an interest in additional properties if management consider there is sufficient geologic or economic potential and the Company has adequate financial resources and support from investors. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

9. Off-Balance Sheet Arrangements

None.

10. Proposed Transactions

There are no proposed transactions that will materially affect the performance of the Company.

11. Accounting policies - International Financial Reporting Standards (IFRS)

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations, and may require management to make judgements or rely on assumptions about matters that are inherently uncertain. The Company's results of operations are reported using policies and methods in accordance with IFRS. In preparing financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and expenses for the period.

Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Company's title on mineral property interests

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry practice for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Management reviews its estimates and assumptions on an ongoing basis using the most current information available.

(in Canadian dollars, unless otherwise stated)

12. Financial Instruments

Categories of financial instruments

	December 31, 2017	December 31, 2016
	$	**$**
Financial assets *		
Loans and receivables		
Cash	21,899	47,021
Other receivables	32,504	19,343
	54,403	66,364
Financial liabilities		
Current		
Amortized at cost		
Accounts payable and accrued liabilities	847,054	753,968
Due to related parties	1,535,554	1,446,098
Loans payable	86,305	1,392,381
Promissory notes	604,810	596,614
Non-current		
Amortized at cost		
Promissory notes	-	2,735,443
	3,073,723	6,924,504

* Sales taxes recoverable do not represent financial instruments and are excluded from the analysis

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Fair value

The carrying value of cash, other receivables, accounts payable and accrued liabilities, due to related parties, loans from directors, and promissory notes approximated their fair value because of the relatively short-term nature of these instruments.

Foreign exchange risk

The Company's operations in the United States expose the Company to foreign exchange risk. The Company is subject to currency risk due to the fluctuations of exchange rates between the Canadian and US dollars. The Company does not believe it is exposed to significant foreign exchange risk. A 10% fluctuation in the foreign exchange rate between the Canadian and US dollar will result in a foreign exchange gain/loss of approximately $149,000. The Company does not enter into derivative financial instruments to mitigate foreign exchange risk.

Credit risk

The Company's cash is largely held in large Canadian financial institutions. The Company maintains cash deposits with Schedule A financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not hold any financial liabilities with variable interest rates.

Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors precious metals prices to determine the appropriate course of action to be taken by the Company.

13. Risks and Uncertainties

The Company's principal activity is mineral property development and exploration. Companies in this industry are subject to many and varied kinds of risk, including but not limited to, environmental, metal prices, political and economical.

The mineral exploration business is risky and most exploration projects will not become mines. The Company may offer an opportunity to a mining company to acquire an interest in a property in return for funding all or part of the exploration and development of the property. For the funding property acquisitions and exploration that the Company conducts, the Company depends on the issue of shares from the treasury to investors. These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record and the experience of management.

The Company has no significant source of operating cash flow and no revenues from operations. The Company has not yet determined whether its mineral properties contain mineral reserves that are economically recoverable. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish reserves.

There is no guarantee that the Company will be able to contribute or obtain all necessary resources and funds for the exploration and exploitation of its permits, and may fail to meet its exploration commitments.

The properties that the Company has an option to earn interests in are in the exploration and permitting stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, that are explored, are ultimately developed into producing mines.

Exploration of the Company's mineral properties may not result in any discoveries of commercial bodies of mineralization that could be developed into operations with positive cash flows. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

14. Trends

Trends in the industry can materially affect how well any junior exploration company is performing. There are two trends that seem to affect the well-being of junior miners. One is the price of commodities, which are being produced and the other is the general market condition. Over the last few years the trend in the prices of precious metals, in particular gold, has been downward on the spot basis as well as the average trailing prices of the metals. The gold price seems to have stabilized over the last couple of years or so, and in the last year or so the trend has been upward which the Company believes will continue. The other aspect is the general stock market conditions. Unfortunately, the junior mining sector has been under tremendous negative pressure in the market over the last few years however this condition appears to be changing and is difficult to predict as markets for junior issurers has been up and down over the last year. Significant amounts of investing have occurred in the marijuana and blockchain areas which has taken away from investment in the junior mining industry. Management believes that the markets will continue to improve for the juniors. Lincoln is committed to advance its properties to production as quickly as possible to get into a positive cash flow position.

15. Outlook

The outlook for precious metals appears to be slightly positive on the short term but depending on economic conditions world-wide and world events this could change especially as it relates to interest rate changes in the U.S. Lincoln will require significant investment as it transitions into development stage projects. Staff and contractor requirements are expected to increase as Lincoln fast-tracks these properties to production. Lincoln management's objective is to become a new junior gold-silver producer in the United States, where there is no threat to mineral tenure or repatriation of mining profits.

Cautionary Statement

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration plans and our other future plans and objectives are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, (i) estimates of exploration investment and scope of exploration programs, and (ii) estimates of stock-based compensation expense. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statement. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date of statements are made, and the Company endeavours to update corporate information and material facts on a timely basis. Forward-looking statements are subject to risks, uncertainties and other actors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks.