# LINCOLN MINING CORPORATION

# CONSOLIDATED FINANCIAL STATEMENTS

**for the years ended December 31, 2018 and 2017**

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# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Lincoln Mining Corp.

***Opinion***

We have audited the accompanying consolidated financial statements of Lincoln Mining Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of income (loss) and comprehensive income (loss), cash flows, and changes in shareholders' deficiency for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

***Basis for Opinion***

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

***Material Uncertainty Related to Going Concern***

We draw attention to Note 2 of the consolidated financial statements, which indicates that the Company has a working capital deficiency of $2,765,792 and total liabilities of $3,034,752 at December 31, 2018. As stated in Note 2, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

***Other Information***

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is David Harris.

**"DAVIDSON & COMPANY LLP"**

Vancouver, Canada | Chartered Professional Accountants

April 29, 2019

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

| | Notes | 2018 | 2017 |
|---|---|---|---|
| | | $ | $ |
| **Assets** | | | |
| Current assets | | | |
| Cash | | 70,102 | 21,899 |
| Receivables | 8 | 81,625 | 35,762 |
| Prepaid expenses | | 28,560 | 115,892 |
| | | 180,287 | 173,553 |
| Non-current assets | | | |
| Equipment | | 2,709 | 6,059 |
| Deposits | | 14,160 | 14,006 |
| Mineral properties | 4 | 69,171 | - |
| | | 86,040 | 20,065 |
| **Total assets** | | **266,327** | **193,618** |
| **Liabilities and shareholders' deficiency** | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 8 | 2,013,204 | 2,382,608 |
| Exploration funding | 15 | 33,010 | - |
| Loans payable | 6 | 74,336 | 86,305 |
| Promissory notes | 7 | 825,529 | 604,810 |
| | | 2,946,079 | 3,073,723 |
| Non-current liabilities | | | |
| Provision for environmental rehabilitation | 5 | 88,673 | 81,543 |
| | | 88,673 | 81,543 |
| **Total liabilities** | | **3,034,752** | **3,155,266** |
| **Shareholders' deficiency** | | | |
| Share capital | 9 | 23,399,098 | 22,118,931 |
| Capital reserves | 9 | 2,877,687 | 2,588,249 |
| Share subscriptions received in advance | 9 | - | 38,095 |
| Deficit | | (29,045,210) | (27,706,923) |
| **Total shareholders' deficiency** | | **(2,768,425)** | **(2,961,648)** |
| **Total liabilities and shareholders' deficiency** | | **266,327** | **193,618** |

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

Approved and authorized by the Board on April 29, 2019.

| | | | |
|---|---|---|---|
| *"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, 2018 and 2017*

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

| | Notes | 2018 | 2017 |
|---|---|---|---|
| **Exploration expenses** | 4, 8 | **1,147,512** | **446,937** |
| **Administrative expenses** | | | |
| Administrative support | | - | 1,405 |
| Consulting and management fees | 8 | 138,680 | 123,050 |
| Depreciation | | 3,350 | 4,594 |
| Foreign exchange loss (gain) | | 121,096 | (74,633) |
| Investor relations and shareholder services | | 145,065 | 180,489 |
| Office maintenance | | 47,301 | 14,312 |
| Professional fees | 8 | 201,233 | 180,677 |
| Travel | | 46,893 | 20,053 |
| | | **703,618** | **449,947** |
| **Finance expenses (income)** | | | |
| Interest income | | (44) | (61) |
| Interest expense | | 17,672 | 18,879 |
| | | **17,628** | **18,818** |
| **Other Income** | | | |
| Write-off of accounts payable | | - | (33,175) |
| Write-off of receivables | | - | 7,683 |
| Gain on settlement of debts | 6, 7, 9 | (530,471) | (3,018,025) |
| | | **(530,471)** | **(3,043,517)** |
| **Net income (loss) and comprehensive income (loss) for the year** | | **(1,338,287)** | **2,127,815** |
| **Basic and diluted earnings (loss) per common share** | | $ (0.02) | $ 0.06 |
| **Weighted average number of common shares outstanding** | | **71,120,248** | **34,703,820** |

**LINCOLN MINING CORPORATION**
**Consolidated Statements of Cash Flows**
*For the years ended December 31, 2018 and 2017*

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

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| **CASH FLOWS USED IN OPERATING ACTIVITIES** | | |
| **Net income (loss) for the year** | **(1,338,287)** | **2,127,815** |
| Items not affecting cash: | | |
| Accrued interest expense | 17,672 | 18,879 |
| Depreciation | 3,350 | 4,594 |
| Unrealized foreign exchange | 23,290 | (12,435) |
| Write-off of accounts payable | - | (33,175) |
| Write-off of receivables | - | 7,683 |
| Gain on settlement of debts | (530,471) | (3,018,025) |
| Changes in non-cash working capital items: | | |
| Increase in accounts payable and accrued liabilities | 598,801 | 215,717 |
| (Increase) decrease in prepaid expenses and deposits | 87,178 | (16,329) |
| Increase in receivables | (45,863) | (23,186) |
| **Net cash used in operating activities** | **(1,184,330)** | **(728,462)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Acquisition of mineral properties | (64,493) | - |
| Recoveries of mineral properties | 61,426 | - |
| Exploration funding | 33,010 | - |
| **Net cash provided by investing activities** | **29,943** | **-** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Shares issued for cash, net | 995,500 | 676,950 |
| Share subscriptions received in advance | - | 38,095 |
| Promissory notes payable | 222,244 | - |
| Loans payable | (15,154) | (11,705) |
| **Net cash provided by financing activities** | **1,202,590** | **703,340** |
| **Net change in cash for the year** | 48,203 | (25,122) |
| **Cash, beginning of the year** | 21,899 | 47,021 |
| **Cash, end of the year** | **70,102** | **21,899** |

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, 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)** |
| Private placement | 20,841,904 | 759,477 | 282,618 | (38,095) | - | 1,004,000 |
| Share issuance costs | - | (8,500) | - | - | - | (8,500) |
| Debt settlement agreements | 13,429,755 | 529,190 | 6,820 | - | - | 536,010 |
| Net loss for the year | - | - | - | - | (1,338,287) | (1,338,287) |
| **Balance at December 31, 2018** | **75,197,176** | **23,399,098** | **2,877,687** | **-** | **(29,045,210)** | **(2,768,425)** |

## 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, 2018 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, 2018 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 measured 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 $2,765,792 and total liabilities of $3,034,752. 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***

IFRS 9 – Financial Instruments: Classification and Measurement. IFRS 9 is a new standard that replaces IAS 39 and is effective for annual periods beginning on or after January 1, 2018. 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. The adoption of IFRS 9 did not have a material impact on the Company's consolidated financial statements.

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

***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.

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. As of December 31, 2018, the Company is currently evaluating the financial impact of the standard on its consolidated financial statements in preparation for adoption. The Company anticipates the standard will increase both assets and liabilities reported on the consolidated statement of financial position. Additionally, the Company expects impacts to the consolidated statement of income, likely with an increase in depreciation and net finance expenses and decreases in rental administrative expenses.

**(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 instruments**

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transactions costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

*Debt instruments*

Subsequent measurement of debt instrument depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

*Equity instruments*

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

*Impairment*

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

***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.

**(i) 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. Proceeds from unit placements are allocated between shares and warrants using the residual value method whereby the shares are recorded at fair value and any residual is allocated to the warrant. The value of the warrants issued to brokers is determined using the Black-Scholes model.

**(j) 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, 2018, there were no “in-the-money” dilutive instruments that impacted the calculation of dilutive earnings per share.

**(k) 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.

**(l) 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.

**(m) 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.

**(n) 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.

**(o) 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.

**(p) Comparative figures**

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

## 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.

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

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.

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

The Company's mineral property interests are comprised of the following properties:

| | United States Oro Cruz | Total |
|---|---|---|
| | $ | $ |
| Opening balance | - | - |
| Additions | 130,597 | 130,597 |
| Recoveries | (61,426) | (61,426) |
| **Closing balance** | **69,171** | **69,171** |

There were no additions or disposals of the Company's mineral property interests during the year ended December 31, 2017.

Exploration expenditures (recoveries) incurred during the year ended December 31, 2018:

| | United States | | Other | Total |
|---|---|---|---|---|
| | Pine Grove | Oro Cruz | Properties | |
| | $ | $ | $ | $ |
| Contractors | 278,540 | 17,958 | 6,561 | **303,059** |
| Drilling and metallurgical | 5,070 | - | - | **5,070** |
| Field supplies | 480 | - | - | **480** |
| General administration | 86,741 | - | - | **86,741** |
| Geochemistry | 1,228 | - | - | **1,228** |
| Land maintenance | 1,018 | 100,459 | - | **101,477** |
| Legal | 1,918 | - | - | **1,918** |
| Permitting environment | 426,017 | - | - | **426,017** |
| Property evaluation | 240,683 | - | - | **240,683** |
| Travel and accommodation | 1,835 | 470 | - | **2,305** |
| Recovery from a joint venture partner | (21,466) | - | - | **(21,466)** |
| **Total mineral property expenditures** | **1,022,064** | **118,887** | **6,561** | **1,147,512** |

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

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** |

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 7-11 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.

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.

(iii) 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.

(iv) 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.

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

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.

On May 1, 2018, the Company entered into a Purchase Option Letter agreement to re-acquire a 100% interest in the Hercules claims from ADGIS, Inc. ("ADGIS") (this agreement replaces the original agreement from February 2010). The Company must make scheduled payments to ADGIS totaling US$500,000 over five years and royalty payments as follows:

- US$25,000 by May 15, 2018 (paid)
- US$25,000 by August 1, 2018 (paid)
- US$25,000 by October 1, 2018 (paid) (Note 15)
- US$25,000 by December 1, 2018 (paid) (Note 15)
- US$50,000 by May 15, 2019
- US$50,000 by May 15, 2020
- US$100,000 by May 15, 2021
- US$100,000 by May 15, 2022
- US$100,000 by May 15, 2023
- 2% net smelter return royalty from production within the Hercules claim boundaries ("Hercules Royalty")
- 1% net smelter return royalty from production generated by the Company outside the Hercules claim boundaries and within a 1-mile radius of the Hercules claims ("Buffer Royalty")

0.5% of the Hercules Royalty and the Buffer Royalty together can be repurchased by the Company for US$500,000, which would reduce the Hercules Royalty to 1.5% and the Buffer Royalty to 0.5%.

An additional 0.5% of the Hercules Royalty can be repurchased by the Company for US$500,000 to reduce the Hercules royalty to 1%.

In March 2019, the Company granted Demerara Gold Corp. ("Demerara") and Bell Mountain Exploration Corp. ("Bell Mountain") the right to earn up to a 75% interest in the Oro Cruz property (Note 15).

## 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, 2018** | **December 31, 2017** |
|---|---|---|
| | $ | $ |
| Beginning balance | 81,543 | 87,276 |
| Changes in exchange rates | 7,130 | (5,733) |
| **Closing balance** | **88,673** | **81,543** |

During the year ended December 31, 2018 and 2017, the finance costs in relation to the accretion of the provision are negligible.

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

## 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, 2018 | Year ended December 31, 2017 |
|---|---|---|
| | $ | $ |
| Opening balance | 86,305 | 1,392,381 |
| Loans provided during the year | - | 17,900 |
| Loans repaid during the year | (15,154) | (29,605) |
| Interest accrued during the year | 3,185 | 3,981 |
| Settlement of debt | - | (1,298,352) |
| **Closing balance** | **74,336** | **86,305** |

During the year ended December 31, 2018, the Company received $Nil (2017 - $17,900), and repaid $15,154 (2017 - $29,605), 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, 2018, the loan payable balance to the President of the Company is $74,336 (2017 - $86,305).

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).

## 7 Promissory notes

| | Year ended December 31, 2018 | Year ended December 31, 2017 |
|---|---|---|
| | $ | $ |
| Opening balance | 604,810 | 3,332,057 |
| Promissory notes provided during the year | 222,244 | - |
| Interest accrued during the year | 14,487 | 14,898 |
| Settlement of promissory notes | (32,172) | (2,735,443) |
| Foreign exchange | 16,160 | (6,702) |
| **Closing balance** | **825,529** | **604,810** |

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.

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).

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

As of December 31, 2018, the Company has received advances of $440,000 (2017 - $440,000) from Mr. Ronald K. Netolitzky, a control person of the Company. 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. 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 (Notes 6 and 9). 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 August 24, 2018, September 11, 2018 and October 23, 2018, the Company received $65,180 (US$50,000), $65,070 (US$50,000) and $91,994 (US$70,000) from Dragon Hill Creation Limited, respectively. The loans are unsecured and evidence by promissory notes bearing interest at 10% per annum, calculated and payable on the termination date of the promissory notes being June 30, 2019. The Company may prepay the principal, in whole or in part, at any time without penalty.

## 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, 2018 and 2017 were as follows:

| | **Year ended December 31, 2018** | **Year ended December 31, 2017** |
|---|---|---|
| | **$** | **$** |
| Management fees | 118,000 | 108,000 |
| Exploration expenses | 160,669 | 110,318 |
| Accounting fees | 60,000 | 70,250 |
| **Total** | **338,669** | **288,568** |

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.

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

***Balance due to related parties***

| | As at December 31, 2018 | As at December 31, 2017 |
|---|---|---|
| | $ | $ |
| Executive officers and their controlled companies | 837,315 | 1,389,285 |
| Directors | 15,000 | 154,269 |
| Others | - | - |
| **Total** | **852,315** | **1,543,554** |

The balances due to related parties are included in accounts payable and accrued liabilities.

***Balance due from related parties***

| | As at December 31, 2018 | As at December 31, 2017 |
|---|---|---|
| | $ | $ |
| Companies with a director in common | 69,357 | 18,596 |
| **Total** | **69,357** | **18,596** |

The balances due from related parties are included in receivables.

***Loans from related parties***
See Notes 6 and 7 for further details.

***Other transactions with related parties***

During the year ended December 31, 2018, the Company received $42,636 (2017 - $40,125) 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, 2018, 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 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).

On January 3, 2018, the Company completed a debt settlement agreement with various creditors of the Company with respect to outstanding debt (including principal and interest) totaling $1,046,481. Of this amount, 11,285,513 common shares were issued to settle indebtedness to certain related parties of $959,269, 1,100,801 common shares were issued to settle indebtedness to creditors of $55,040 and 643,441 common shares were issued to settle promissory notes payable of $32,172 (Notes 6, 7 and 11). The common shares issued resulted in a gain on settlement of debts of $525,291.

On January 26, 2018, the Company closed 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. The residual value of the warrants of $134,218 was reallocated from share capital to reserves. 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 $6,250 in cash commissions.

On February 20, 2018, the Company closed 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. The residual value of the warrants of $28,400 was reallocated from share capital to reserves. 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 May 30, 2018, the Company closed a non-brokered private placement. The Company issued a total of 6,000,000 units at a price of $0.05 per unit for total gross proceeds of $300,000. The residual value of the warrants of $120,000 was reallocated from share capital to reserves. 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 $2,250 in share issuance costs.

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

On November 15, 2018, the Company completed a debt settlement agreement with a creditor of the Company with respect to outstanding debt totaling $20,000 by issuing 400,000 common shares and 400,000 share purchase warrants. 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 fair value of the share purchase warrants was $6,820 calculated using the Black-Scholes Option Pricing Model using the following assumptions: expected life – 3.45 years; expected volatility – 188%; expected dividend yield – 0%; and risk-free rate – 2.29%. The common shares and share purchase warrants issued resulted in a gain on settlement of debts of $5,180.

**b) Capital reserves**

| | Capital reserve – options | Capital reserve – warrants | Capital reserve – convertible debenture | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| 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 |
| Private placements | - | 282,618 | - | 282,618 |
| Debt settlement agreements | - | 6,820 | - | 6,820 |
| **Balance as at December 31, 2018** | **1,227,184** | **1,435,117** | **215,386** | **2,877,687** |

**c) Stock options**

As at December 31, 2018, 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, 2018 and 2017 are summarized as follows:

| | **Year ended December 31, 2018** | | **Year ended December 31, 2017** | |
|---|---|---|---|---|
| | Number of Options | Weighted average exercise price | Number of Options | Weighted average exercise price |
| | | $ | | $ |
| Balance, beginning of year | 1,809,000 | 0.15 | 1,809,000 | 0.15 |
| Expired | - | - | - | - |
| 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 |

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

**d) Warrants**

As at December 31, 2018, the Company had share purchase warrants, enabling the holders to acquire further common shares as follows:

| Number of Shares | Exercise Price | Expiry Date |
|---|---|---|
| 3,317,000 | $0.10 | September 15, 2019 |
| 33,285,904 | $0.08 | April 26, 2022 |
| **36,602,904** | | |

Warrants transactions for the year ended December 31, 2018 and 2017 are summarized as follows:

| | **Year ended December 31, 2018** | | **Year ended December 31, 2017** | |
|---|---|---|---|---|
| | Number of Warrants | Weighted average exercise price | Number of Warrants | Weighted average exercise price |
| | | **$** | | **$** |
| Balance, beginning of year | 16,893,500 | 0.09 | 1,532,500 | 0.12 |
| Issued | 21,241,904 | 0.08 | 15,361,000 | .08 |
| Expired | (1,532,500) | 0.10 | - | - |
| Balance, end of year | 36,602,904 | 0.08 | 16,893,500 | 0.09 |

**e) Special warrants**

As at December 31, 2018, the Company had special warrants, enabling the holders to acquire further non-assessable common shares as follows:

| Number of Shares | Exercise Price | Expiry Date |
|---|---|---|
| 16,000,000 | $Nil | June 9, 2027 |
| **16,000,000** | | |

Pursuant to the Settlement (Note 6), the Company is not obligated to issue any common shares from the 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. In addition, the special warrants have no voting rights and no entitlement to dividends.

**f) 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.

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

## 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.

***Categories of financial instruments***

| | December 31, 2018 | December 31, 2017 |
|---|---|---|
| | $ | $ |
| **Financial assets *** | | |
| *Loans and receivables* | | |
| Cash | 70,102 | 21,899 |
| Other receivables | 72,916 | 32,504 |
| | 143,018 | 54,403 |
| **Financial liabilities** | | |
| **Current** | | |
| *Amortized at cost* | | |
| Accounts payable and accrued liabilities | 2,013,204 | 2,382,608 |
| Exploration funding | 33,010 | - |
| Loans payable | 74,336 | 86,305 |
| Promissory notes | 825,529 | 604,810 |
| | 2,946,079 | 3,073,723 |

* 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, exploration funding, 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 $97,000. 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.

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

***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.

## 11 Supplemental cash flow information

| | December 31, 2018 | December 31, 2017 |
|---|---|---|
| | $ | $ |
| Cash paid for interest | - | - |
| Cash paid for income taxes | - | - |

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 6).

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

On January 3, 2018, the Company issued 13,029,755 common shares of the Company to settle outstanding debt totaling $1,046,481 (Note 9).

On November 15, 2018, the Company issued 400,000 common shares and 400,000 share purchase warrants of the Company to settle outstanding debt totaling $20,000 (Note 9).

As at December 31, 2018, accounts payable and accrued liabilities includes $66,104 (US$50,000) related to mineral property costs capitalized pursuant to the Purchase Option letter agreement for the Oro Cruz Property.

During the year ended December 31, 2018, the Company wrote-off accounts payable in the amount of $Nil (2017 - $33,175).

During the year ended December 31, 2018, the Company wrote-off receivables in the amount of $Nil (2017 - $7,683).

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

## 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, 2018 is as follows:

| | $ |
|---|---|
| 2019 | 57,027 |
| 2020 | 58,389 |
| 2021 | 44,557 |
| | **159,973** |

## 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.

| | **Non-current assets** |
|---|---|
| | **$** |
| **December 31, 2017** | |
| United States of America | 7,767 |
| Canada | 12,298 |
| | **20,065** |
| **December 31, 2018** | |
| United States of America | 73,790 |
| Canada | 12,250 |
| | **86,040** |

## 14 Income taxes

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

| | **Year ended December 31, 2018** | **Year ended December 31, 2017** |
|---|---|---|
| | **$** | **$** |
| Net income (loss) for the year | (1,338,287) | 2,127,815 |
| Expected income tax recovery | (361,000) | 553,000 |
| Change in statutory, foreign tax, foreign exchange rates and other | 701,000 | 1,126,000 |
| Permanent differences | 1,000 | (392,000) |
| Share issue costs | (2,000) | (11,000) |
| Change in unrecognized deductible temporary differences | (339,000) | (1,276,000) |
| | - | - |

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

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

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

| | **December 31, 2018** | **December 31, 2017** | **Expiry Date Range** |
|---|---|---|---|
| | **$** | **$** | |
| Temporary differences: | | | |
| Mineral properties | 4,434,000 | 3,757,000 | No expiry date |
| Share issue costs | 39,000 | 44,000 | 2037 to 2042 |
| Other | 104,000 | 92,000 | No expiry date |
| Non-capital losses available for future periods | 14,163,000 | 15,671,000 | 2026 to 2038 |

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

## 15 Subsequent events

In January 2019, the Company paid US$50,000 to ADGIS related to the Purchase Option letter agreement for the Oro Cruz Property (Note 4).

On March 4, 2019, the Company granted to Demerara and Bell Mountain the right to enter into a formal Option and Joint Venture Agreement until June 30, 2019 for the exploration of the Oro Cruz property. To earn a 75% interest, Demerara and Bell Mountain will have to spend approximately USD$2.1 million in property payments, exploration and development over the next five years. As consideration for granting the due diligence period, Demerara and Bell Mountain will pay the Company US$10,000 and commit to purchasing $35,000 worth of securities in the Company's next private placement. Demerara has advanced $33,010 (US$25,000) to the Company as of December 31, 2018. These funds will become immediately due and payable to Demerara if the Option and Joint Venture Agreement is not entered into by June 30, 2019. Upon execution of the Option and Joint Venture Agreement, the funds advanced will be credited towards the exploration commitments under the agreement.

# FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) AS OF APRIL 29, 2019 TO ACCOMPANY THE CONSOLIDATED FINANCIAL STATEMENTS OF LINCOLN MINING CORPORATION (THE "COMPANY" OR "LINCOLN") FOR THE YEAR ENDED DECEMBER 31, 2018.

This Management's Discussion and Analysis ("MD&A"), which has been prepared as of April 29, 2019, should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2018. 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, that is in production permitting stage, and the Oro Cruz gold property in California, USA that is in advanced exploration stage. 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, 2018:

On January 3, 2018, the Company completed a debt settlement agreement with various creditors of the Company with respect to outstanding debt (including principal and interest) totaling $1,046,481. Of this amount, 11,285,513 common shares were issued to settle indebtedness to certain related parties of $959,269, 1,100,801 common shares were issued to settle indebtedness to creditors of $55,040 and 643,441 common shares were issued to settle promissory notes payable of $32,172. The common shares issued resulted in a gain on settlement of debts of $525,291.

On January 26, 2018, the Company closed 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 $6,250 in cash commissions.

On February 20, 2018, the Company closed 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 Agreement with Ausgold Resources Pty Ltd on the Oro Cruz project in Imperial County, California. Lincoln retains the property in good standing and announced on May 11, 2018 that it had re-acquired the Hercules claims by signing a Purchase Option Agreement with ADGIS, the owner of the claims in Imperial Country, California ("JV Option").

On May 15, 2018 the Company submitted a Mine Plan of Operations to the United States Forest Service for the Pine Grove project.

On May 1, 2018, the Company entered into a Purchase Option Letter agreement to re-acquire a 100% interest in the Hercules claims from ADGIS, Inc. The Hercules claims consist of 20 lode claims covering the Oro Cruz pit and gold deposit in Imperial County, California. The Oro Cruz property now consists of the 20 lode claims optioned to Lincoln under the Purchase Option, plus the 131 lode claims currently held by the Company, for a total of 151 claims comprising over 3,000 acres.

On May 30, 2018, the Company closed a non-brokered private placement. The Company issued a total of 6,000,000 units at a price of $0.05 per unit for total gross proceeds of $300,000. 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 $2,250 in share issuance costs.

On August 24, 2018, the Company received $65,180 (US$50,000) from Dragon Hill Creation Limited. The loan is unsecured and evidence by a promissory note bearing interest at 10% per annum, calculated and payable on the termination date of the promissory note being June 30, 2019. The Company may prepay the principal, in whole or in part, at any time without penalty.

On September 11, 2018, the Company received an additional $65,070 (US$50,000) from Dragon Hill Creation Limited. The loan is unsecured and evidence by a promissory note bearing interest at 10% per annum, calculated and payable on the termination date of the promissory note being June 30, 2019. The Company may prepay the principal, in whole or in part, at any time without penalty.

On October 23, 2018, the Company received a further US$70,000 from Dragon Hill Creation Limited. The loan is unsecured and evidence by a promissory note bearing interest at 10% per annum, calculated and payable on the termination date of the promissory note being June 30, 2019. The Company may prepay the principal, in whole or in part, at any time without penalty.

On November 15, 2018, the Company settled outstanding debt of $20,000 with an arm's length creditor of the Company by issuing 400,000 common shares and 400,000 share purchase warrants. Each warrant entitles the holder to purchase one common share at a price of $0.08 per share until April 26, 2022.

Subsequent to the year end on March 4, 2019, the Company granted to Demerara Gold Corp. ("Demerara") and Bell Mountain Exploration Corp. ("Bell Mountain") the right to enter into a formal Option and Joint Venture Agreement until June 30, 2019 for the exploration of the Oro Cruz property. To earn a 75% interest, Demerara and Bell Mountain will have to spend approximately USD$2.1 million in property payments, exploration and development over the next five years. As consideration for granting the due diligence period, Demerara and Bell Mountain will pay the Company US$10,000 and commit to purchasing $35,000 worth of securities in the Company's next private placement. Demerara has advanced $33,010 (US$25,000) to the Company as of December 31, 2018. These funds will become immediately due and payable to Demerara if the Option and Joint Venture Agreement is not entered into by June 30, 2019. Upon execution of the Option and Joint Venture Agreement, the funds advanced will be credited towards the ongoing obligations of the property payments to ADGIS.

Lincoln is pleased to announce that the Editorial Board of Mergent, Inc. ("Mergent") has approved the Company for a listing in Mergent Manuals and News Reports™ (the "Manual"). Lincoln's corporate profile in the Manual, which includes descriptive text data as well as news and financial statements, will be accessible via Mergent's online and printed products. As part of Mergent's listing services, Lincoln's new corporate description will be highlighted separately on www.mergent.com with an active hyperlink back to Lincoln's website.

***Pine Grove Project Status***

A summary to cover the last 36 months activities.

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 plant 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.

On May 15, 2018, the Company through its subsidiary Lincoln Resource Group Corp., submitted a Mine Plan of Operations (**PoO**) to the United States Forest Service, Humboldt-Toiyabe National Forest. The PoO was compiled by Welsh Hagen Associates of Reno, Nevada and incorporated data and information from a number of consulting companies that are working on the project. Submission of the PoO initiates the National Environmental Policy Act (**NEPA**), which requires the compilation of an Environmental Impact Statement (**EIS**), including public comment. The lead agency is the U.S. Forest Service – Bridgeport Ranger District in Bridgeport, California. Lincoln is working closely with its prime environmental contractor, Stantec Consulting Services of Reno, Nevada and the U.S. Forest Service to advance the permitting process as quickly as possible. Stantec has been chosen as our Prime Contractor for the EIS.

### *Oro Cruz Property Status*

A summary to cover the last 24 months activities.

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.

Lincoln announced in March 2018 that its subsidiary, Lincoln Gold US Corp. ("Lincoln US"), 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 retains the property in good standing and announced on May 11, 2018 that it had re-acquired the Hercules claims by signing a Purchase Option Agreement with ADGIS, the owner of the claims in Imperial Country, California ("JV Option").

On May 1, 2018, the Company entered into a Purchase Option Letter agreement to re-acquire a 100% interest in the Hercules claims from ADGIS, Inc. ("ADGIS") (this agreement replaces the original agreement from February 2010). The Company must make scheduled payments to ADGIS totaling US$500,000 over five years and royalty payments as follows:

- US$25,000 by May 15, 2018 (paid)
- US$25,000 by August 1, 2018 (paid)
- US$25,000 by October 1, 2018 (paid)
- US$25,000 by December 1, 2018 (paid)
- US$50,000 by May 15, 2019
- US$50,000 by May 15, 2020
- US$100,000 by May 15, 2021
- US$100,000 by May 15, 2022
- US$100,000 by May 15, 2023
- 2% net smelter return royalty from production within the Hercules claim boundaries ("Hercules Royalty")
- 1% net smelter return royalty from production generated by the Company outside the Hercules claim boundaries and within a 1-mile radius of the Hercules claims ("Buffer Royalty")

0.5% of the Hercules Royalty and the Buffer Royalty together can be repurchased by the Company for US$500,000, which would reduce the Hercules Royalty to 1.5% and the Buffer Royalty to 0.5%.

An additional 0.5% of the Hercules Royalty can be repurchased by the Company for US$500,000 to reduce the Hercules royalty to 1%.

Subsequent to the year end on March 4, 2019, the Company granted to Demerara Gold Corp. ("Demerara") and Bell Mountain Exploration Corp. ("Bell Mountain") the right to enter into a formal Option and Joint Venture Agreement until June 30, 2019 for the exploration of the Oro Cruz property. To earn a 75% interest, Demerara and Bell Mountain will have to spend approximately USD$2.1 million in property payments, exploration and development over the next five years. As consideration for granting the due diligence period, Demerara and Bell Mountain will pay the Company US$10,000 and commit to purchasing $35,000 worth of securities in the Company's next private placement.

*(in Canadian dollars, unless otherwise stated)*

## 2. Results of Operations

***Results of Operations – For the year ended December 31, 2018***

For the year ended December 31, 2018, the Company incurred an operational loss of $1,338,287 (2017: income of $2,127,815). The Company recognized a gain on settlement of debts in the amount of $530,471 (2017: $3,018,025). Removing this from the results, the Company had an operational loss of $1,868,758 (2017: $890,210).

The significant expenses comprise of the following:

| | 2018 | 2017 | 2016 |
|---|---|---|---|
| | $ | $ | $ |
| **Revenues** | - | - | - |
| **Exploration expenses** | **1,147,512** | **446,937** | **46,636** |
| **Impairment provision for mineral properties** | **-** | **-** | **-** |
| **Recovery of mineral properties previously impaired** | **-** | **-** | **-** |
| **Impairment provision for reclamation bond** | **-** | **-** | **-** |
| **Administrative expenses (top 5 categories):** | | | |
| Consulting and management fees | 138,680 | 123,050 | 172,487 |
| Foreign exchange | 121,096 | (74,633) | (86,538) |
| Investor relations and shareholder services | 145,065 | 180,489 | 63,181 |
| Office maintenance | 47,301 | 14,312 | 9,407 |
| Professional fees (legal and accounting) | 201,233 | 180,677 | 100,983 |
| **Subtotal** | **653,375** | **423,895** | **259,520** |
| % to total income/loss | 49% | 20% | 76% |
| **Other administrative expenses** | | | |
| Share-based compensation | - | - | - |
| Other administrative expenses | 50,243 | 26,052 | 60,065 |
| Interest income | (44) | (61) | (122) |
| Interest expense | 17,672 | 18,879 | 12,233 |
| Write-down of accounts receivable | - | 7,683 | - |
| Write-off of accounts payable | - | (33,175) | (36,865) |
| Gain on settlement of debts | (530,471) | (3,018,025) | - |
| **Net income (loss) for the year** | **(1,338,287)** | **2,127,815** | **(341,467)** |
| **Comprehensive earnings (loss) for the year** | **(1,338,287)** | **2,127,815** | **(341,467)** |
| **Basic and diluted earnings (loss) per common share** | **(0.02)** | **0.06** | **(0.01)** |
| | | | |
| **Total assets** | **266,327** | **193,618** | **191,502** |
| **Total non-current liabilities** | **88,673** | **81,543** | **2,822,719** |
| **Cash dividends declared per share** | **n/a** | **n/a** | **n/a** |

Other administrative expenses consists of administrative support of $Nil (2017: $1,405; 2016: $49,212), depreciation of $3,350 (2017: $4,594; 2016: $3,070) and travel of $46,893 (2017: $20,053; 2016: $7,783).

Consulting and management fees slightly increased by $15,630 from $123,050 in 2017 to $138,680 in 2018, investor relations and shareholder services decreased by $35,424 from $180,489 in 2017 to $145,065 in 2018, and professional fees increased by $20,556 from $180,677 in 2017 to $201,233 in 2018.

Due to the completed private placements and debt settlement to certain creditors in 2018 and 2017, the Company increased its costs related to investor relations and shareholder services and professional fees in 2018 and 2017 compared to 2016.

Also during the year ended December 31, 2018, the Company incurred interest expense of $17,672 compared to $18,879 for 2017 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.

*(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** |
|---|---|---|---|---|---|---|
| | **$** | **$** | **$** | **$** | **$** | **$** |
| **2018**, (IFRS reporting) | 1,022,064 | 118,887 | - | - | 6,561 | 1,147,512 |
| **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 |
| | **6,011,099** | **1,425,780** | **1,478,243** | **4,038,203** | **106,327** | **13,059,652** |
| **Less recoveries** | **-** | **(328,765)** | **-** | **(1,051,735)** | **-** | **(1,380,500)** |
| **Total exploration expenses incurred** | **6,011,099** | **1,097,015** | **1,478,243** | **2,986,468** | **106,327** | **11,679,152** |

***Summary of Quarterly Results:***

| | **4th Quarter 2017** | **3rd Quarter 2018** | **2nd Quarter 2018** | **1st Quarter 2018** |
|---|---|---|---|---|
| | **$** | **$** | **$** | **$** |
| Revenue | - | - | - | - |
| Exploration expenses | 654,122 | 144,427 | 257,926 | 91,037 |
| Administrative expenses (incl. interest expense) | 218,845 | 108,269 | 184,595 | 201,629 |
| | | | | |
| Income (loss) and comprehensive earnings (loss) | (875,695) | (252,696) | (442,521) | 232,625 |
| Basic and diluted earnings (loss) per share | (0.01) | (0.00) | (0.01) | 0.00 |
| Total assets | 266,327 | 212,865 | 249,207 | 346,020 |
| | | | | |
| Working capital deficiency | (2,765,792) | (1,903,233) | (1,617,592) | (1,445,490) |

| | **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 deficiency | (2,900,170) | (2,513,234) | (2,433,927) | (4,131,604) |

## 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 has just submitted a Mining Plan of Operations to the US Forest Service and has hired Stantec Consulting Services of Reno, Nevada to assist the US forest Service in writing the Environmental Impact Statement that is required to be completed 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). Lincoln has agreed to Joint Venture the project with Goldcliff Resource Corporation.

On May 15, 2018, the Company through its subsidiary Lincoln Resource Group Corp., submitted a Mine Plan of Operations (**PoO**) to the United States Forest Service, Humboldt-Toiyabe National Forest.

**Oro Cruz Property, California -** 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 is to increase and advance the 376,600 Inferred ounces gold to Measured and Indicated categories by confirmation drilling. No significant work was completed since early 2013. New funding will be required for the confirmation program. Claim payments were made in late August to the BLM and the County to keep the claims in good standing. Lincoln agreed to Joint Venture the project with Ausgold Resources Pty Ltd. in July 2017. However in On March 26, 2018 the Company terminated the Option Agreement with Ausgold Resources Pty Ltd on the Oro Cruz project in Imperial County, California as a consequence of Ausgold not satisfying its obligations under the option agreement. On May 1, 2018, the Company entered into a Purchase Option Letter agreement to re-acquire a 100% interest in the Hercules claims from ADGIS, Inc.

Subsequent to the year end on March 4, 2019, the Company granted to Demerara Gold Corp. ("Demerara") and Bell Mountain Exploration Corp. ("Bell Mountain") the right to enter into a formal Option and Joint Venture Agreement until June 30, 2019 for the exploration of the Oro Cruz property.

### Projects

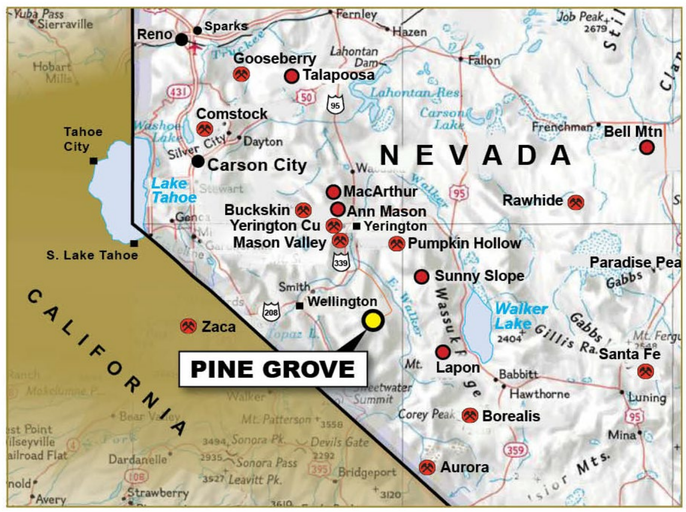
**Pine Grove Property, Nevada –** The Pine Grove project, located in Lyon County, Nevada, is the Company's most advanced project. At the time of writing of this MDA Lincoln is well underway the permitting studies needed to take the project to production. An amended and restated Preliminary Economic Assessment 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 should 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

By 2007, Lincoln had compiled 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.
The drilling of 190 drill holes by Teck Resources in the 1990s and 85 holes drilled by Lincoln in 2010 and 2016 makes up the 275 holes drilled on the property; this includes 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 completed by year end 2018. Extensive environmental baseline studies have been completed and others are on-going. The studies are being lead by Stantec Consulting Services in Reno and 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. A number of other 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 ended December 31, 2017, 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.

On May 15, 2018, the Company through its subsidiary Lincoln Resource Group Corp., submitted a Mine Plan of Operations (**PoO**) to the United States Forest Service, Humboldt-Toiyabe National Forest. The PoO was compiled by Welsh Hagen Associates of Reno, Nevada and incorporated data and information from a number of consulting companies that are working on the project. Submission of the PoO initiates the National Environmental Policy Act (**NEPA**), which requires the compilation of an Environmental Impact Statement (**EIS**), including public comment. The lead agency is the U.S. Forest Service – Bridgeport Ranger District in Bridgeport, California. Lincoln is working closely with its prime environmental contractor, Stantec Consulting Services of Reno, Nevada and the

U.S. Forest Service to advance the permitting process as quickly as possible. Stantec has been chosen as our Prime Contractor for the EIS.

**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.


***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.

On May 1, 2018, the Company entered into a Purchase Option Letter agreement to re-acquire a 100% interest in the Hercules claims from ADGIS, Inc.

*(in Canadian dollars, unless otherwise stated)*

Subsequent to the year end on March 4, 2019, the Company granted to Demerara Gold Corp. ("Demerara") and Bell Mountain Exploration Corp. ("Bell Mountain") the right to enter into a formal Option and Joint Venture Agreement until June 30, 2019 for the exploration of the Oro Cruz property. To earn a 75% interest, Demerara and Bell Mountain will have to spend approximately USD$2.1 million in property payments and exploration and development over the next five years.

***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 |

**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.

## 4. Outstanding Share Data

The Company's issued and outstanding common shares are 75,197,176 as at the date of this report.

The Company has a total of 1,689,000 outstanding options with exercise price of $0.15 expiring on November 26, 2019.

The Company has a total of 33,285,904 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, 2018 and 2017 were as follows:

| | Year ended December 31, 2018 | Year ended December 31, 2017 |
|---|---|---|
| | $ | $ |
| Directors fees | - | - |
| Management fees | 118,000 | 108,000 |
| Exploration expenses | 160,669 | 110,318 |
| Accounting fees | 60,000 | 70,250 |
| **Total** | **338,669** | **288,568** |

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.

*(in Canadian dollars, unless otherwise stated)*

***Balance due to related parties***

| | As at December 31, 2018 | As at December 31, 2017 |
|---|---|---|
| | $ | $ |
| Executive officers and their controlled companies | 837,315 | 1,389,285 |
| Directors | 15,000 | 154,269 |
| Others | - | - |
| **Total** | **852,315** | **1,543,554** |

***Balance due from related parties***

| | As at December 31, 2018 | As at December 31, 2017 |
|---|---|---|
| | $ | $ |
| 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. During the year ended December 31, 2018, the Company repaid $15,154 to 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, 2018 was $Nil (2017 - $Nil).

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.

*(in Canadian dollars, unless otherwise stated)*

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.

On August 24, 2018, September 11, 2018 and October 23, 2018, the Company received $65,180 (US$50,000), $65,070 (US$50,000) and $91,994 (US$70,000) from Dragon Hill Creation Limited, respectively, a company controlled by a director of the Company appointed in March 2019. The loans are unsecured and evidence by promissory notes bearing interest at 10% per annum, calculated and payable on the termination date of the promissory notes being June 30, 2019. The Company may prepay the principal, in whole or in part, at any time without penalty.

***Other transactions with related parties***

During the year ended December 31, 2018, the Company received $32,458 (2017 - $40,125) 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, 2018 | December 31, 2017 |
|---|---|---|
| | $ | $ |
| Working deficiency | (2,765,792) | (2,900,170) |
| Long-term debt | 88,673 | 81,543 |

| | Year ended December 31, 2018 | Year ended December 31, 2017 |
|---|---|---|
| | $ | $ |
| Cash used in operating activities | (1,184,330) | (728,462) |
| Cash used in investing activities | 29,943 | - |
| Cash provided by financing activities | 1,202,590 | 703,340 |
| Change in cash | 48,203 | (25,122) |

On January 26, 2018, the Company closed 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 22, 2022. The Company paid $6,250 in cash commissions.

On February 20, 2018, the Company closed 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 May 30, 2018, the Company closed a non-brokered private placement. The Company issued a total of 6,000,000 units at a price of $0.05 per unit for total gross proceeds of $300,000. 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 $2,250 in share issuance costs.

On August 24, 2018, the Company received $65,180 (US$50,000) from Dragon Hill Creation Limited. The loan is unsecured and evidence by a promissory note bearing interest at 10% per annum, calculated and payable on the termination date of the promissory note being June 30, 2019. The Company may prepay the principal, in whole or in part, at any time without penalty.

On September 11, 2018, the Company received an additional $65,070 (US$50,000) from Dragon Hill Creation Limited. The loan is unsecured and evidence by a promissory note bearing interest at 10% per annum, calculated and payable on the termination date of the promissory note being June 30, 2019. The Company may prepay the principal, in whole or in part, at any time without penalty.

On October 23, 2018, the Company received an additional US$70,000 from Dragon Hill Creation Limited. The loan is unsecured and evidence by a promissory note bearing interest at 10% per annum, calculated and payable on the termination date of the promissory note being June 30, 2019. The Company may prepay the principal, in whole or in part, at any time without penalty.

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

In January 2019, the Company paid US$50,000 to ADGIS related to the Purchase Option letter agreement for the Oro Cruz Property.

## 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.

***Changes in Accounting Standards***

The Company adopted IFRS 9, which replaced IAS 39 – Financial Instruments: Recognition and Measurement, in its consolidated financial statements beginning January 1, 2018.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities, however it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

Under IFRS 9 there are three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and lost ("FVTPL"). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measure at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The adoption of IFRS 9 did not have a material impact on the Company's consolidated financial statements.

***New standards and interpretations not yet adopted***

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.

***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, 2018 | December 31, 2017 |
|---|---|---|
| | $ | $ |
| **Financial assets *** | | |
| *Loans and receivables* | | |
| Cash | 70,102 | 21,899 |
| Other receivables | 72,916 | 32,504 |
| | 143,018 | 54,403 |
| **Financial liabilities** | | |
| **Current** | | |
| *Amortized at cost* | | |
| Accounts payable and accrued liabilities | 2,013,204 | 2,382,608 |
| Exploration funding | 33,010 | - |
| Loans payable | 74,336 | 86,305 |
| Promissory notes | 825,529 | 604,810 |
| | 2,946,079 | 3,073,723 |

* 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, exploration funding, 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 $97,000. 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.

## 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 mixed on the spot basis as well as the average trailing prices of the metals. The gold price seemed to have stabilized around $1300 per ounce over the last couple of years, but in the last year or so the trend has been mixed downward and gold now trades in and around $1200 to $1300 per ounce. 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 prices appears to be mixed 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.