LINCOLN MINING CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, 2013 and 2012

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Management's Responsibility for Financial Statements

The accompanying consolidated financial statements have been prepared by and are the responsibility of the Board of Directors and management of the Company.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgments based in currently available information. The Company has developed and maintains a system of internal controls in order to ensure, on a reasonable and cost effective basis, the reliability of its financial information.

The consolidated financial statements have been audited by Davidson & Company LLP, Chartered Accountants. Their report outlines the scope of their examination and opinion on the consolidated financial statements.

"*Eugene Beukman*"

Chief Financial Officer
Vancouver, Canada

April 30, 2014

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Lincoln Mining Corporation

We have audited the accompanying consolidated financial statements of Lincoln Mining Corporation, which comprise the consolidated statements of financial position as at December 31, 2013 and 2012, and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Lincoln Mining Corporation as at December 31, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

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

"DAVIDSON & COMPANY LLP"

Vancouver, Canada　　Chartered Accountants

April 30, 2014

LINCOLN MINING CORPORATION
Consolidated Statements of Financial Position

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

	Notes	As at December 31, 2013	As at December 31, 2012
		$	$
Assets			
Current assets			
Cash		43,958	2,202,131
Other receivables	4	3,831	61,734
Prepaid expenses	5	23,234	193,946
		71,023	2,457,811
Non-current assets			
Reclamation bonds	7(c)	21,873	-
Equipment	6	13,999	14,664
Deposits	5	44,678	44,678
Mineral properties	7	3,047,630	4,856,194
		3,128,180	4,915,536
Total assets		**3,199,203**	**7,373,347**
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued liabilities		1,091,064	264,770
Loans from directors	10	1,087,409	43,784
Promissory note, current portion	7(a)(iv)	-	98,344
Property acquisition liability	7(c)	1,171,846	1,539,422
		3,350,319	1,946,320
Non-current liabilities			
Convertible debenture	9	2,155,138	2,089,719
Provisions	8	69,134	63,941
		2,224,272	2,153,660
Total liabilities		**5,574,591**	**4,099,980**
Equity			
Share capital	11	20,155,769	20,155,769
Capital reserves	11(c)	1,323,896	1,323,896
Deficit		(23,855,053)	(18,206,298)
Total Equity		**(2,375,388)**	**3,273,367**
Total Liabilities and Equity		**3,199,203**	**7,373,347**

Nature and continuance of operations (Note 1)
Going concern (Note 2)
Subsequent event (Note 17)

Approved and authorized by the Board on April 30, 2014.

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

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

	Notes	Year ended December 31, 2013	Year ended December 31, 2012
		$	**$**
Exploration expenses	7	**1,765,648**	**992,013**
Impairment provision for mineral properties	7	**1,833,153**	**-**
Administrative expenses			
Administrative support		203,336	152,166
Consulting and management fees		163,521	489,756
Depreciation		10,683	7,678
Foreign exchange loss		14,772	5,469
Investor relations and shareholder services		171,538	191,391
Office maintenance		235,647	193,444
Professional fees		498,968	226,854
Settlement fees	7 (e)	350,000	-
Share-based compensation	11 (d)	-	42,333
Travel		24,787	59,900
		1,673,252	**1,368,991**
Finance income (expenses)			
Interest income		258	362
Interest expense		(376,960)	(53,051)
		(376,702)	**(52,689)**
Loss and comprehensive loss for the year		**5,648,755**	**2,413,693**
Basic and diluted loss per common share		$ (0.04)	$ (0.02)
Weighted average number of common shares outstanding		**158,860,203**	**108,277,198**

LINCOLN MINING CORPORATION
Consolidated Statements of Cash Flows

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

	Year ended December 31, 2013	Year ended December 31, 2012
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	**(5,648,755)**	**(2,413,693)**
Items not affecting cash:		
Accrued interest expense	227,630	53,051
Share-based compensation	-	42,333
Depreciation	10,683	7,678
Impairment provision for mineral properties	1,833,153	-
Unrealized loss on foreign exchange	10,627	5,469
Changes in non-cash working capital items:		
Increase (decrease) in accounts payable and accrued liabilities	851,294	(143,349)
Decrease (increase) in prepaid	170,712	(83,046)
Decrease in other receivables	57,903	(7,874)
Interest paid	-	(7,206)
Net cash used in operating activities	**(2,486,753)**	**(2,546,637)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of mineral properties	(24,589)	(736,142)
Purchase of equipment	(10,018)	(10,096)
Reclamation bonds	(21,873)	-
Net cash used in investing activities	**(56,480)**	**(746,238)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares for cash	-	3,426,850
Share issue costs	-	(149,236)
Issuance of convertible debenture	-	2,300,000
Payment of promissory note	(104,940)	(152,085)
Payment of property acquisition liability	(490,000)	-
Loans from directors	980,000	98,000
Loans re-paid to directors	-	(76,500)
Net cash provided by financing activities	**385,060**	**5,447,029**
Net change in cash for the year	(2,158,173)	2,154,154
Cash, beginning of year	2,202,131	47,977
Cash, end of year	**43,958**	**2,202,131**

Supplemental disclosure with respect to cash flows (Note 14)

LINCOLN MINING CORPORATION
Consolidated Statements of Changes in Equity

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

	Number of shares	Share capital	Capital reserves (Note 11(c))	Commitment to issue shares	Deficit	Total
		$	$	$	$	$
Balance at December 31, 2011	**92,610,203**	**16,862,004**	**1,057,827**	**24,500**	**(15,792,605)**	**2,151,726**
Year ended December 31, 2012						
Private placements	66,150,000	3,426,850	-	-	-	3,426,850
Shares issued for property	100,000	24,500	-	(24,500)	-	-
Share issue costs – finder's warrants	-	(8,350)	8,350	-	-	-
Share issue costs	-	(149,235)	-	-	-	(149,235)
Share-based compensation	-	-	42,333	-	-	42,333
Issuance of convertible debenture – equity component	-	-	215,386	-	-	215,386
Loss for the year	-	-	-	-	(2,413,693)	(2,413,693)
Balance at December 31, 2012	**158,860,203**	**20,155,769**	**1,323,896**	**-**	**(18,206,298)**	**3,273,367**
Year ended December 31, 2013						
Loss for the year	-	-	-	-	(5,648,755)	(5,648,755)
Balance at December 31, 2013	**158,860,203**	**20,155,769**	**1,323,896**	**-**	**(23,855,053)**	**(2,375,388)**

1 Nature of operations

Lincoln Mining Corporation (the "Company") is incorporated under the Business Corporations Act, British Columbia. The Company's head and registered office, principal address and records is Suite 350 – 885 Dunsmuir Street, Vancouver, British Columbia, Canada, V6C 1N5. Lincoln Mining Corp. is a precious metals exploration and development company with several projects in various stages of exploration, which include the Pine Grove and the Bell Mountain gold properties in Nevada, USA and the Oro Cruz gold property in California, USA. The Company also holds the La Bufa property, located in Mexico. In the United States, the Company operates under its subsidiaries, Lincoln Gold US Corp and Lincoln Resource Group Corp.

The consolidated financial statements of the Company for the year ended December 31, 2013 comprise the Company and its subsidiaries. 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 Summary of significant accounting policies

(a) Basis of preparation

The consolidated financial statements of Lincoln Mining Corporation 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 under the historical cost convention, as modified by the revaluation of financial liabilities (convertible debenture, promissory notes, property acquisition liability), which were recognized initially at fair value, net of transaction costs and subsequently carried at amortized cost.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

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. The recovery of the amounts comprising mineral properties is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to settle their liabilities as they become due and successfully complete their exploration and development, and upon future profitable production.

The Company currently has a working capital deficiency of $3,279,296. Subsequent to year-end, the Company eliminated the conversion option and transferred its convertible debt to former directors of the Company (Note 17) and received an additional $775,429 in advances. The Company is taking all commercially reasonable steps to sell the La Bufa property, working with its lenders to defer payments, and curtailing or deferring expenditures. The security on the short term debt includes an interest in the Bell Mountain property and an interest in the Company's proceeds from the expected sale of the La Bufa property. 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.

New and amended standards adopted by the Company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2013 that would be expected to have a material impact on the Company.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2014, and have not been applied in preparing these consolidated financial statements.

None of these is expected to have a significant effect on the consolidated financial statements of the Company, except the following set out below:

- The IASB has issued IFRS 9 - Financial Instruments ("IFRS 9") which intends to replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39") in its entirety with three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments. The IASB tentatively decided to defer the mandatory effective date until January 1, 2018 with earlier adoption still permitted. The Company will evaluate the impact the final standard will have on its consolidated financial statements based on the characteristics of its financial instruments at the time of adoption.
- The IASB issued IFRIC 21 - Levies ("IFRIC 21"), an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past activity or event ("obligating event") described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The Company is currently evaluating the impact of the adoption of this interpretation on its consolidated financial statements.
- The IASB issued amendments to IAS 36 - Impairment of Assets ("amendments to IAS 36"). The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal. The amendments are effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

(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 and 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, a 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 and presentation 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 the statement of operating results and are presented within "Administrative expenses – Foreign exchange loss (gain)".

(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 payments under earn-in arrangements 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 the 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 expenditures are composed of 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 on its mineral properties, and the evaluation of 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 operations.

(g) Impairment of long-lived assets

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

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

(h) Financial assets

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

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

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

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). There are no items in this category.

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

(i) Financial liabilities

Trade Payables

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

Borrowings

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

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

Compound financial instruments

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

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

(j) Share capital

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

(k) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

(l) Share-based compensation

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

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

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

(m) Current and deferred income tax

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

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

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

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

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

(n) Provision

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

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

(o) Leases

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

(p) Related party transactions

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

3 Critical accounting estimates and judgements

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

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

Income taxes

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

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:

Recoverability of mineral property interests

Management has determined that mineral property costs incurred, which were capitalized, have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life-of-mine plans.

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.

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

4 Other receivables

The Company's other receivables consist of:

	December 31, 2013	December 31, 2012
	$	$
Sales taxes recoverable	3,170	61,734
Accrued exploration recovery	661	-
Closing balance	**3,831**	**61,734**

5 Prepaid expenses and deposits

The Company's current prepaid expenses are as follows:

	December 31, 2013	December 31, 2012
	$	$
Prepaid insurance	18,015	17,560
Advances to suppliers and retainer fees	5,219	176,386
Closing balance	**23,234**	**193,946**

The Company's long-term deposits are as follows:

	December 31, 2013	December 31, 2012
	$	$
Premises lease deposit	15,928	15,928
Restricted cash deposit	28,750	28,750
Closing balance	**44,678**	**44,678**

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

6 Equipment

	Mining equipment	Office and computer equipment	Vehicles	Total
	$	$	$	$
Cost				
Balance, December 31, 2011	11,804	17,988	22,211	52,003
Additions during 2012	-	10,096	-	10,096
Write off of obsolete items	-	(12,240)	-	(12,240)
Balance, December 31, 2012	11,804	15,844	22,211	49,859
Additions during 2013	6,820	3,198	-	10,018
Balance, December 31, 2013	18,624	19,042	22,211	59,877
Accumulated depreciation				
Balance, December 31, 2011	11,804	14,997	12,956	39,757
Depreciation for 2012	-	2,125	5,553	7,678
Write off of obsolete items	-	(12,240)	-	(12,240)
Balance, December 31, 2012	11,804	4,882	18,509	35,195
Depreciation for 2013	1,705	5,276	3,702	10,683
Balance, December 31, 2013	13,509	10,158	22,211	45,878
Carrying amounts				
As a December 31, 2012	-	10,962	3,702	14,664
As a December 31, 2013	**5,115**	**8,884**	**-**	**13,999**

7 Mineral properties

The Company's mineral property interests are comprised of properties located in the United States and in Mexico.

	United States		Mexico	
	Pine Grove	Bell Mountain	La Bufa	Total
	$	$	$	$
Balance, December 31, 2011	759,527	-	1,833,153	2,592,680
Acquisition of Bell Mountain	-	2,263,514	-	2,263,514
Balance, December 31, 2012	759,527	2,263,514	1,833,153	4,856,194
Acquisition of water rights	24,589	-	-	24,589
Impairment provision	-	-	(1,833,153)	(1,833,153)
Balance, December 31, 2013	**784,116**	**2,263,514**	**-**	**3,047,630**

The impairment provision was recognized for the La Bufa property to reflect that the Company does not plan to further explore the property at this time.

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

During the year ended December 31, 2013, the Company incurred exploration expenditures as follows:

	United States					Mexico		
	Pine Grove	Oro Cruz	Oro Cruz - Elgin	Bell Mountain	Other	La Bufa	La Bufa - Elgin	Total
	$	$	$	$	$	$	$	$
Option, lease and advance royalty payments	68,869	99,111	-	27,912	-	37,766	-	**233,658**
Contractors	34,210	14,401	-	27,193	927	(2,457)	-	**74,274**
Drilling and metallurgical	37,390	1,888	-	714,018	6,137	-	-	**759,433**
Field supplies	778	-	-	1,135	-	35	-	**1,948**
General administration	315	-	-	7,703	111	31,657	-	**39,786**
Geochemistry	30,785	3,296	-	133,659	15,881	17,196	-	**200,817**
Insurance	-	-	-	-	-	1,054	-	**1,054**
Land maintenance	2,371	-	-	43,263	-	-	-	**45,634**
Permitting environment	141,658	-	-	163,197	-	-	-	**304,855**
Property evaluations	2,981	-	-	27,901	2,853	-	-	**33,735**
Surveying	-	-	-	26,314	1,957	-	-	**28,271**
Travel and accommodation	5,109	385	-	19,060	3,059	2,395	-	**30,008**
Vehicle operating	1,922	-	-	9,028	1,225	-	-	**12,175**
Total mineral property expenditures	**326,388**	**119,081**	**-**	**1,200,383**	**32,150**	**87,646**	**-**	**1,765,648**

During the year ended December 31, 2012, the Company incurred exploration expenditures as follows:

	United States					Mexico		
	Pine Grove	Oro Cruz	Oro Cruz - Elgin	Bell Mountain	Other	La Bufa	La Bufa - Elgin	Total
	$	$	$	$	$	$	$	$
Option, lease and advance royalty payments	55,520	75,162	-	9,702	-	-	-	**140,384**
Contractors	68,009	68,498	79,390	40,210	7,590	184,958	27,544	**476,199**
Drilling and metallurgical	55,823	-	-	125	-	9,923	119,424	**185,295**
Field supplies	54	24	-	163	-	9,078	6,268	**15,587**
General administration	4,875	-	2,310	1,460	-	13,235	21,329	**43,209**
Geochemistry	-	-	-	-	-	-	702	**702**
Insurance	-	-	-	-	-	-	1,870	**1,870**
Land maintenance	36,716	21,524	-	4,178	-	10,028	9,316	**81,762**
Permitting environment	8,283	-	-	5,875	-	-	-	**14,158**
Property evaluations	-	-	-	3,424	-	-	(26,177)	**(22,753)**
Surveying	1,618	-	-	30,335	-	7,394	6,020	**45,367**
Travel and accommodation	1,565	312	-	4,989	-	1,098	800	**8,764**
Vehicle operating	2,062	-	65	-	-	-	-	**2,127**
Total mineral property expenditures before recoveries	**234,525**	**165,520**	**81,765**	**100,461**	**7,590**	**235,714**	**167,096**	**992,671**
Less: mineral property recoveries, Note 7(e)	-	-	(658)	-	-	-	-	**(658)**
Total mineral property expenditures	**234,525**	**165,520**	**81,107**	**100,461**	**7,590**	**235,714**	**167,096**	**992,013**

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)

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

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

The following lease payments must be made by the Company:

- US$10,000 upon signing the agreement (paid) and
- US$25,000 prior to each one year anniversary of the lease (Years 1-6 paid).

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

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.

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

(iv) In August 2010, the Company and its wholly owned subsidiary Lincoln Gold US Corp ("Lincoln US") entered into a purchase agreement for Lincoln US to acquire unpatented mining claims and associated water rights (collectively known as the "Cavanaugh property") situated at the Company's Pine Grove project in Lyon County, Nevada. In consideration for the sale of the Cavanaugh property, the vendors have received a total of US$650,000 and 400,000 common shares of the Company as follows:

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

At inception of the agreement a US$400,000 promissory note was issued for the remaining cash payments required, non-interest bearing, except in the event of default, in which case the rate of interest shall be eight percent per annum until payment is made. The promissory note was secured by the Cavanaugh property. The fair value of the promissory note on the date of issuance was $361,685 (US$346,873), which was calculated using a discount rate of 8%. The Company's commitment to issue the remaining 250,000 shares was valued at $0.185 per share totaling $46,250. As a result of the purchase agreement, $696,360 has been capitalized as mineral property acquisition costs as at December 31, 2010.

The promissory note is summarized as follows:

	December 31, 2013	**December 31, 2012**
	$	**$**
Value at issuance	361,685	361,685
Accretion interest	53,199	52,037
Payment	(400,320)	(295,380)
Changes in exchange rates	(14,564)	(19,998)
	-	98,344
Less: current portion	-	(98,344)
Closing balance	**-**	-

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.

(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 ($30,000 paid)
- US$100,000 by February 22, 2015
- US$150,000 by February 22, 2016
- US$200,000 by February 22, 2017 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
- US$400,000 during the fifth lease year
- US$450,000 during the sixth lease year
- US$500,000 during the seventh lease year

See below for discussion on option agreement granting Elgin Mining Inc. the option to acquire up to a 60% undivided interest in each of Lincoln's Oro Cruz and La Bufa properties.

(c) Bell Mountain Property, Nevada

In November 2012, the Company entered into a purchase agreement – Bell Mountain Project with Laurion Mineral Exploration Inc. and its Nevada subsidiary Laurion Mineral Exploration USA LLC (together, "Laurion"), pursuant to which the Company's subsidiary (Lincoln Resource Group Corporation) has acquired from Laurion certain unpatented mining claims and the assignment and assumption of Laurion's option (the "Bell Mountain Option") to earn a 100% interest in the Bell Mountain property from Globex Nevada Inc. ("Globex").

The purchase price of the transaction is an aggregate of $2,350,000 cash, payable by the Company to Laurion as follows:

- $350,000 within five business days of all necessary TSXV approvals (paid),
- $350,000 by November 30, 2012 (paid),
- $750,000 on completion of a pre-feasibility study (see below), and
- $900,000 on or before five months after completion of the pre-feasibility study (see below).

The Company renegotiated the payment schedule for the Bell Mountain project whereby principal repayments outstanding at September 30, 2013 would accrue interest at a rate of 4% per annum and would be due in full by December 31, 2013. During the year the Company made principal repayments of $490,000. Subsequent to December 31, 2013, the Company further renegotiated the terms whereby the Company would make staggered payments of the remaining principal balance plus accrued interest through to June 2014.

In order to complete the exercise of the Bell Mountain Option to acquire a 100% interest in the property from Globex, the Company must incur an additional $1,755,000 in exploration expenditures on the property by June 28, 2015. The Bell Mountain property is also subject to two royalties which will take effect upon commencement of commercial production. The first royalty is a 2% net smelter return royalty payable to N.A, Degerstrom Inc., which can be acquired for US$167,000. In addition, Globex will maintain a sliding-scale gross metal royalty ("GMR") on all mineral production (gold, silver etc) benchmarked upon the price of gold (1% GMR at a gold price under US$500/troy ounce, 2% GMR at a gold price between US$500 and US$1,200/troy ounce and 3% GMR at a gold price over US$1,200/troy ounce). Pursuant to the Globex Agreement, upon exercise of the option and the acquisition of a 100% interest in the Bell Mountain property from Globex, the Company would be required to pay annually a $20,000 advance royalty payment, which would be credited against the royalty payable to Globex described above.

In March 2013, the Company placed a bond of $21,873 with the US Bureau of Land Management to permit the Company's drilling program at the Bell Mountain property.

The Company recognized initially the liabilities in relation with Bell Mountain acquisition at fair value of $1,527,372 and subsequently measured at amortized cost using effective interest rate of 9.6%.

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

The liability is summarized as follows:

	Year ended December 31, 2013	**Year ended December 31, 2012**
	$	**$**
Opening balance	1,539,422	-
Initial recognition	-	1,527,372
Repayments	(490,000)	-
Accretion	110,574	12,050
Interest payable	11,850	-
Closing balance	**1,171,846**	**1,539,422**

Mexico

(d) La Bufa Property, Chihuahua

In February 2010, the Company purchased the 100% interest in La Bufa property by issuing 6,000,000 common shares, valued at $1,770,000, and granting a 2% NSR on all future production from La Bufa to Almaden. The $1,770,000 was capitalized as mineral property acquisition costs as at December 31, 2010. The Company had the option to buy down 1% of the NSR within one year following the decision to place the property into production, for a price to be determined at that time.

In fiscal 2013, the Company wrote-off the capitalized value of its La Bufa property of $1,833,153.

(e) Option agreement with Elgin Mining Inc.

In March 2011, the Company entered into an option agreement (the "Agreement") granting Elgin Mining Inc. ("Elgin") the option to acquire up to a 60% undivided interest in each of Lincoln's Oro Cruz and La Bufa properties (collectively the "Properties" and individually a "Property").

In September 2012, the Company announced that the letter agreement with Elgin was terminated as certain obligations under the agreement had not been fulfilled by Elgin. Elgin disputed the validity of the Company's termination of the agreement and the parties proceeded to arbitration to address to resolve the issue.

In June 2013, the Company and Elgin reached a full and final settlement of the arbitration proceedings and have agreed to terminate the Agreement in relation to the La Bufa and Oro Cruz properties for the following consideration:

- The Company paid $350,000 cash to Elgin upon execution of Elgin's quitclaim deed in relation to the Oro Cruz property, whereby control of the Oro Cruz property has reverted to the Company; and
- The Company shall take all commercially reasonable steps to market and sell the La Bufa property whereby the net proceeds of such sale (after allowable expenses) will be split equally between the Company and Elgin.

8 Provisions

The Company's recognized a constructive provision for environmental rehabilitation relating to its 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: life-of-mine - 10 years; inflation rate – 1.8% (2012 – 3%), pre-tax risk-free interest rate - 4.4%.

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

The closing balance is summarized as follows:

	December 31, 2013	**December 31, 2012**
	$	$
Beginning balance	63,941	66,105
Additions	-	-
Changes in exchange rates	5,193	(2,164)
Closing balance	**69,134**	**63,941**

During the years ended December 31, 2013, and 2012 the finance costs in relation to the accretion of the provision are negligible.

9 Convertible debenture

In November 2012, the Company issued a convertible debenture ("Debenture") to a party related by way of common directors in an aggregate principal amount of $2,300,000, which is due on November 22, 2015. These directors resigned subsequent to December 31, 2013 and concurrently the loan was transferred (Note 17). The Debenture is convertible at any time, in whole or in part at the election of the holder, into up to 23,000,000 common shares of the Company on the basis of the one common share for each $0.10 of principal. The Debenture bears interest at the rate of 6% per annum, calculated monthly, on the outstanding principal amount. The Debenture is secured by a general security agreement granted by the Company.

Upon initial recognition, the Company allocated the proceeds and transaction costs between the components based on their fair value of the debt as follows:

	$
Conversion feature (equity component)	215,386
Convertible debenture (liability component)	2,084,614
Total	**2,300,000**

The fair value of the liability component was calculated using a market rate of 9.6%, with the residual value allocated to the equity component.

Subsequent to the initial recognition, the convertible debenture is carried at amortized cost using the effective interest method at a discount rate of 9.6%.

	Year ended December 31, 2013	**Year ended December 31, 2012**
	$	**$**
Balance, beginning of the year	2,089,719	-
Issuance of convertible debenture	-	2,084,614
Accretion of debt discount	65,419	5,105
Closing balance	**2,155,138**	**2,089,719**

Interest expense in amount of $149,343 (2012 - $16,447) is unpaid at the end of the reporting period and is included in accrued liabilities.

Subsequent to the year ended December 31, 2013, the Company entered into an amending agreement removing the conversion feature from the Debenture (Note 17).

10 Related party transactions

The following transactions were carried out with related parties:

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

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 services rendered during the years ended December 31, 2013 and 2012 is as follows:

	Year ended December 31, 2013	Year ended December 31, 2012
	$	$
Directors fees	50,260	55,896
Management fees	108,515	108,000
Exploration expenses – contractors	261,839	237,090
Consulting fees	-	162,000
Share based compensation*	-	27,818
Total	**420,614**	**590,804**
Outstanding balance included in accounts payable:	**175,349**	**40,270**

*Share-based compensation is the vested portion of the fair value of options granted to directors and key management personnel

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

As noted in Note 9, in November 2012, the Company issued a convertible debenture in the amount of $2,300,000 to Procon Mining and Tunnelling Ltd, a significant shareholder and party related by common directors until February 2014 (Note 17).

Loans from directors

The following loans were provided by directors to the Company to support the working capital requirements. The loans bear interest of 5%-10% per annum.

	Year ended December 31, 2013	Year ended December 31, 2012
	$	$
Opening balance	43,784	20,000
Reclassified from accounts payable	25,000	-
Loans provided during the year	980,000	98,000
Loans re-paid during the year	-	(76,500)
Interest accrued during the year	38,625	3,735
Interest paid during the year	-	(1,451)
Closing balance	**1,087,409**	**43,784**

During the year ended December 31, 2013, the Company received a $650,000 unsecured demand loan from Prairie Enterprises (Alberta) Inc. ("Prairie Enterprises") to fund the Company's current working capital requirements. Prairie Enterprises is owned and controlled by a former director of the Company. The loan bears interest at 10% per annum, calculated and payable on the first day of each month.

The Company also received an additional $300,000 of demand loan from a former director of the Company to fund the Company's current working capital requirements. The loan bears interest at 10% per annum, calculated and payable on the first day of each month. Under the terms of the loan, the Company has granted a security interest in the Company's portion of the proceeds from any future sale of the La Bufa property to this director. The Company also received an advance of $30,000 with no specific terms of repayment from the same individual.

An advance of $25,000 from the president of the Company was reclassified from accounts payable during the year. The loan is unsecured, bears interest at 5% annually and has no specific terms of repayment.

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

11 Share capital and reserves

a) Authorized share capital

As at December 31, 2013, 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.

b) Issued share capital

Year ended December 31, 2013:

No shares were issued during the year ended December 31, 2013.

Year ended December 31, 2012:

In November 2012, the Company issued a total of 32,000,000 shares at a price of $0.05 per share for total proceeds of $1,600,000.

In October 2012, the Company issued a total of 5,376,000 shares at a price of $0.05 per share for total proceeds of $268,800.

In September 2012, the Company issued a total of 24,000,000 shares at a price of $0.05 per share for total proceeds of $1,200,000.

No warrants or finder's fees were issued in connection with the above mentioned private placements.

In August 2012, the Company issued 100,000 shares at a value of $24,500 towards a commitment to issue shares with respect to the Pine Grove property (Note 7(a)).

In February 2012, the Company issued a total of 4,774,000 units at a price of $0.075 per unit for total proceeds of $358,050. Each Unit is comprised of one common share of the Company and one- half of one non-transferable common share purchase warrant. Each whole purchase warrant entitled the holder to acquire one additional common share of the Company at a price of $0.10 per share until February 17, 2013. As compensation, the Company issued a total of 394,440 finder's warrants with a value of $8,349 which entitled the holder to acquire one common share of the Company at a price of $0.075 per share until February 17, 2013.

The following assumptions were used for the Black-Scholes valuation of finders warrants granted in 2012:

Risk-free interest rate	0.98%
Expected life	1.0 years
Annualized volatility	78.00%
Dividend rate	0.00%

c) Capital Reserves

	Capital reserve - options	Capital reserve - warrants	Capital reserve - other	Total
	$	$	$	$
Balance as at December 31, 2011	943,306	114,521	-	1,057,827
Year 2012				
Share issue costs – finder warrants	-	8,350	-	8,350
Share based compensation	42,333	-	-	42,333
Issuance of convertible debenture – equity component (Note 9)	-	-	215,386	215,386
Balance as at December 31, 2012	985,639	122,871	215,386	1,323,896
Balance as at December 31, 2013	**985,639**	**122,871**	**215,386**	**1,323,896**

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

d) Stock options

The Company's stock option plan provides that the board of directors may from time to time, in its discretion, and in accordance with the TSX Venture Exchange ("TSX-V") requirements, grant to directors, officers, employees and technical consultants of the Company, non-transferable options to purchase the Company's shares, provided that the number of the Company's shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of grant. The price of the stock option will not be less than the last closing price of the Company's common shares and the term will not be permitted to exceed ten years. Vesting provisions will be as determined by the Board of directors at the time of grant.

As at December 31, 2013, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
2,400,000	0.19	September 29, 2014
50,000	0.29	January 28, 2015
600,000	0.29	March 3, 2015
350,000	0.22	June 4, 2015
600,000	0.19	December 15, 2015
125,000	0.21	December 20, 2015
300,000	0.19	July 5, 2016
4,425,000		

Stock option transactions for the years ended December 31, 2013 and December 31, 2012 are summarized as follows:

	Year ended December 31, 2013		**Year ended December 31, 2012**	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
		$		**$**
Balance, beginning of year	7,200,000	0.21	8,075,000	0.21
Granted	-	-	300,000	0.19
Expired	(425,000)	0.20	(450,000)	0.29
Forfeited	(2,350,000)	0.21	(725,000)	0.20
Balance, end of year	4,425,000	0.21	7,200,000	0.21
Options exercisable, end of year	4,425,000	0.21	6,962,500	0.21

During the year ended December 31, 2013, the Company granted Nil (2012 – 300,000) stock options with a fair value of $Nil (2012 – $0.01) per option. The Company recorded $Nil (2012 – $42,333) as share-based compensation for options vested during the year.

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

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the years ended December 31, 2013 and 2012:

	Year ended December 31, 2013	**Year ended December 31, 2012**
Risk-free interest rate	-	0.98%
Expected life of options	-	1 year
Forfeiture rate	-	n/a *
Annualized volatility	-	78.00%
Dividend rate	-	0.00%

*vested immediately

e) Warrants

As at December 31, 2013, the Company had no outstanding warrants.

Warrant transactions for the years ended December 31, 2013 and December 31, 2012, are summarized as follows:

	Year ended December 31, 2013		**Year ended December 31, 2012**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
		$		**$**
Balance, beginning of year	7,834,644	0.23	15,038,569	0.34
Issued warrants	-	-	2,781,440	0.10
Exercised	-	-	-	-
Expired	(7,834,644)	0.23	(9,985,365)	0.35
Balance, end of year	**-**	**-**	**7,834,644**	**0.23**

12 Segmented information

The Company operates in one reportable operating segment, being the acquisition, exploration and evaluation of mineral properties. The Company's reporting operating segment reflects the Company's individual mining interests and are reported in a manner consistent with the internal reporting used by the Company's management to assess the Company's performance. The Company did not generate any revenue for the reporting periods.

	Non-current assets
	$
December 31, 2012	
Exploration and evaluation of mineral properties	4,865,293
Corporate	50,243
	4,915,536
December 31, 2013	
Exploration and evaluation of mineral properties	3,074,618
Corporate	53,562
	3,128,180

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

The Company's reportable segment operates within three geographic areas – United States of America, Mexico and Canada.

	Non-current assets
	$
December 31, 2012	
United States of America	3,032,140
Mexico	1,833,153
Canada	50,243
	4,915,536
December 31, 2013	
United States of America	3,080,397
Mexico	-
Canada	47,783
	3,128,180

13 Financial instruments

Capital risk management

The Company defines its capital as shareholders' equity. 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.

Categories of financial instruments

	December 31, 2013	December 31, 2012
	$	$
Financial assets *		
Loans and receivables		
Cash	43,958	2,202,131
	43,958	2,202,131
Financial liabilities		
Current		
Amortized at cost		
Accounts payable and accrued liabilities	1,091,064	264,770
Loans from directors	1,087,409	43,784
Debt and borrowings	1,171,846	1,649,108
Non-current		
Amortized at cost		
Convertible debenture	2,155,138	2,089,719
	5,505,457	4,047,381

* 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, accounts payable, and promissory note approximated their fair value because of the relatively short-term nature of these instruments. The fair value of the convertible debt approximates its carrying value as there have not been significant changes in market interest rates since the inception of the loan.

Foreign exchange risk

The Company's operations in the United States and Mexico 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 dollar, as well as the Canadian dollar and Mexican peso. The Company does not believe it is exposed to significant foreign exchange risk with respect to the Mexican peso. As at December 31, 2013, the Company had a net monetary liability position of US$653,000. A 10% fluctuation in the foreign exchange rate between the Canadian and US dollar will result in a foreign exchange gain/loss of $70,000. The Company does not enter into derivative financial instruments to mitigate foreign exchange risk.

Credit risk

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

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

Liquidity risk

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

Price risk

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

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

14 Supplemental cash flow information

The significant non-cash investing and financing transactions are following

	December 31, 2013	December 31, 2012
	$	$
Common shares issued pursuant to the Pine Grove Property Agreement	-	24,500
Bell Mountain acquisition costs included in debt and borrowings	-	2,263,514
Reclassification of accounts payable to loans payable	25,000	-
Finders' warrants	-	8,350

15 Commitments

In accordance with the final Settlement Agreement with Elgin, the Company shall take all commercially reasonable steps (Note 7(d)) to market and sell the La Bufa property; the net proceeds of such sale (after allowable expenses) to be split equally between the Company and Elgin.

In addition to commitments disclosed elsewhere in the financial statements, pursuant to a premises lease, the Company's minimum annual commitments as at December 31, 2013 are as follows:

Year ended December 31, 2014	$ 79,667
Year ended December 31, 2015	$ 13,395

16 Income taxes

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

	Year ended December 31, 2013	Year ended December 31, 2012
	$	$
Loss for the year	(5,662,349)	(2,413,693)
Expected income tax recovery	(1,458,000)	(603,000)
Change in statutory, foreign tax, foreign exchange rates and other	(398,000)	(68,000)
Permanent differences	53,000	12,000
Share issue costs	-	(37,000)
Impact of convertible debenture	-	96,000
Change in unrecognized deductible temporary differences	1,803,000	600,000
	-	-

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, 2013	**December 31, 2012**	**Expiry Date Range**
	$	**$**	
Temporary Differences			
Mineral properties	6,526,000	3,009,000	No expiry date
Debt with accretion	(470,000)	-	No expiry date
Share issue costs and other	349,000	520,000	2032 to 2035
Non-capital losses available for future periods	12,464,000	9,716,000	2016 to 2033

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

17 Subsequent events

In June 2013, Lincoln and Procon Mining and Tunneling Ltd. and its affiliates (collectively, "Procon") committed to the divestment of Procon's interest in Lincoln in accordance with an Order ("Order") issued by the Committee on Foreign Investment in the United States' ("CFIUS"). In February 2014, Procon completed the divestment of its interests in Lincoln pursuant to the CFIUS Order. Procon sold its 46,000,000 common shares of the Company through a private sale at approximately $0.01127 per share for a total purchase price of $518,420.

In addition, the $2,300,000 convertible debenture held by Procon (plus approximately $175,000 in accrued interest), was amended to remove the conversion feature (Note 9), then was repaid in full and discharged using funds advanced to Lincoln through unsecured, non-convertible loans from companies controlled by two 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 transactions, the two directors resigned from the Company.

Subsequent to December 31, 2013, the Company received advances of $775,429 from certain parties, of which $348,495 was paid to Laurion pursuant to the terms of the 2014 amendment of the acquisition of the Bell Mountain property (Note 7c). The advances are currently unsecured and non-interest bearing, with no specific repayment schedule, as the terms are still being negotiated.

LINCOLN MINING CORP.

FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) AS OF DECEMBER 31, 2013 TO ACCOMPANY THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF LINCOLN MINING CORPORATION (THE "COMPANY" OR "LINCOLN") FOR THE YEAR ENDED DECEMBER 31, 2013.

This Management's Discussion and Analysis ("MD&A"), which has been prepared as of April 23, 2014, should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2013. 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") is incorporated under the Business Corporations Act, British Columbia. The Company's head and registered office, principal address and records is Suite 350 – 885 Dunsmuir Street, Vancouver, British Columbia, Canada, V6C 1N5. 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 several projects in various stages of exploration which include the Pine Grove and the Bell Mountain gold properties in Nevada, USA, the Oro Cruz gold property in California, USA and the La Bufa gold-silver property in Chihuahua, Mexico. 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. The Company's immediate objective is to become a precious metals producer within two years, with increasing production each year after that.

The Company is now well positioned to proceed with the development of the Pine Grove and Bell Mountain projects.

Arrangement with Procon Mining and Tunnelling Ltd.

In November 2012 the Company closed the private placement of 22,000,000 common shares of the Company to Procon Mining and Tunnelling Ltd ("Procon") at a price of $0.05 per share for proceeds of $1,100,000. As a part of the private placement arrangement, the Company also issued a convertible debenture (the "Debenture") by the Company to Procon in an aggregate principal amount of $2,300,000, which is due and payable on November 22, 2015. The Debenture is convertible at any time, in whole or in part at the election of Procon, into up to 23,000,000 common shares of the Company on the basis of one common share for each $0.10 of principal. The Debenture bears interest at the rate of 6% per annum, calculated and payable monthly, on the outstanding principal amount. The Debenture is secured by a general security agreement granted by the Company.

The Company also closed a private placement of 10,000,000 common shares of the Company to Prairie Enterprises (Alberta) Inc., a private company controlled by Mr. Edward Yurkowski (who is the CEO, co-founder and a shareholder of Procon), at a price of $0.05 per share for proceeds of $500,000.

In September 2012, the Company issued a total of 24,000,000 shares to Procon at a price of $0.05 per share for total proceeds of $1,200,000.

At the closing of the private placements, Procon holds approximately 29.0% of the Company's 158,860,203 issued and outstanding shares. On a partially-diluted basis assuming the exercise of the entire principal amount of the Debenture, Procon would hold approximately 37.9% of the Company's outstanding shares.

No finder's fees or warrants were issued in connection with the private placements. All securities issued or issuable under the private placements (including the Debenture) are subject to a four month hold period in Canada expiring on March 23, 2013, in addition to such other restrictions as may apply under applicable securities laws of jurisdictions outside Canada.

Lincoln used the proceeds raised from the private placements towards the purchase price for the acquisition of the Bell Mountain project and to advance the work programs on its mineral projects and for general working capital purposes.

In June 2013, Lincoln and Procon Mining and Tunneling Ltd. and its affiliates (collectively, "Procon") committed to the divestment of Procon's interest in Lincoln in accordance with an Order ("Order") issued by the Committee on Foreign Investment in the United States' ("CFIUS").

In February 2014, Procon completed the divestment of its interests in Lincoln pursuant to the CFIUS Order. Mr. Ronald K. Netolitzky, a Canadian mining entrepreneur, acquired Procon's 46,000,000 common shares of Lincoln through a private sale at approximately $0.01127 per share for a total purchase price of $518,420.

In addition, the $2,300,000 convertible debenture held by PRI (plus approximately $175,000 in accrued interest), was amended to remove the conversion feature, then was repaid in full and discharged using funds advanced to Lincoln through unsecured, non-convertible loans from companies controlled by two 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. Concurrently, these two directors resigned.

Upon closing of the Procon divestment, there are no more operational or financial ties between Procon and Lincoln

Bell Mountain Project acquisition

In November 2012, the Company entered into a purchase agreement with Laurion Mineral Exploration Inc. and its Nevada subsidiary Laurion Mineral Exploration USA LLC (together, "Laurion"), pursuant to which the Company's subsidiary (Lincoln Resource Group Corporation) has acquired from Laurion certain unpatented mining claims and the assignment and assumption of Laurion's option (the "Bell Mountain Option") to earn a 100% interest in the Bell Mountain property from Globex Nevada Inc. ("Globex"). The total Bell Mountain land package is 1,212 hectares (2,900 acres).

In December 2012, the Company filed a technical report dated December 18, 2012 entitled "Amended and Restated NI 43-101 Technical Report for the Bell Mountain Project, Churchill County, Nevada" prepared by Telesto Nevada Inc. (the "Technical Report"), in accordance with the requirements of National Instrument 43-101 ("NI 43-101"). Refer additional details to "Project Summaries and Activiites".

In March 2014, the payment schedule under the purchase agreement with Laurion was amended such that the final payment of $900,000 is now due and payable by June 2014.

Other exploration and evaluation activity

In August 2012, the Company reported the completion of 5,091.3 m of core drilling in 20 angle holes at its 100% owned La Bufa property in Chihuahua State, Mexico. Drilling commenced in mid July 2011 and was completed in early December of 2011. Core recovery was excellent. All assays have been received. The drilling program has confirmed the presence of major structures and anomalous gold and silver with some significant intercepts. The abundance of quartz breccia veins, quartz stockwork, and quartz veinlets attended by consistent intercepts of detectable and anomalous gold-silver with low base metals suggest that drilling to date is high in the mineralized system. Deeper offset drilling of anomalous zones in both targets is considered to be warranted.

Termination of the Agreement with Elgin Mining Inc.

The Letter Agreement of March 31, 2011 (the "Agreement") with Elgin Mining Inc. ("Elgin") was terminated by Lincoln as certain obligations under the Agreement had not been fulfilled by Elgin. Elgin disputed the validity of Lincoln's termination of the Agreement and the parties proceeded to arbitration under the terms of the Agreement to address and resolve the dispute. The Agreement required Elgin to fund certain exploration expenditures on the Oro Cruz and La Bufa properties by making payments on certain dates, so as to earn by March 31, 2013 the right to an option entitling Elgin to acquire an interest in the properties.

In June 2013, Elgin Mining Inc. ("Elgin"), and the Company (together, the "Parties") signed a full and final Settlement Agreement (the "Settlement"). Under the Settlement, the Parties decided to terminate the Agreement in relation to the La Bufa and Oro Cruz properties for the following consideration:

- Lincoln paid $350,000 cash to Elgin upon execution of Elgin's quitclaim deed in relation to the Oro Cruz property, at which time control of the Oro Cruz property reverted to Lincoln; and
- Lincoln shall take all commercially reasonable steps to market and sell the La Bufa property; the net proceeds of such sale (after allowable expenses) to be split equally between the Parties.

No work was conducted at La Bufa during Q4 2013.

Other capital transactions

In October 2012, the Company issued a total of 5,376,000 shares at a price of $0.05 per share for total proceeds of $268,800.

In August 2012, the Company issued 100,000 shares at a value of $24,500 towards a commitment to issue shares with respect to the Cavanaugh property included in the Pine Grove property.

In February 2012, the Company issued a total of 4,774,000 units at a price of $0.075 per unit for total proceeds of $358,050. Each Unit is comprised of one common share of the Company and one- half of one non-transferable common share purchase warrant. Each whole purchase warrant entitles the holder to acquire one additional common share of the Company at a price of $0.10 per share until February 17, 2013. As compensation, the Company issued a total of 394,440 Finder's Warrants which entitles the holder to acquire one common share of the Company at a price of $0.075 per share until February 17, 2013.

Director Changes

At the closing of the private placements described above and as required by the Procon transactions, three incumbent directors of the Company resigned (Philip Walsh, Michael Price and Robert Elton), and the remaining directors appointed four nominee directors of Procon to the board resulting in Procon nominee directors constituting a majority of the board of directors of the Company. As a result, the board of directors of the Company was comprised of the following persons:

- Paul Saxton (President, CEO and Corporate Secretary)
- Andrew Milligan (independent director)
- Robert Cruickshank (independent director)
- Edward Yurkowski (Procon nominee)
- James Dales (Procon nominee)
- Yan Luo (Procon nominee)
- Yuhang Wang (Procon nominee)

Biographies of the Procon nominee directors were disclosed in the Company's information circular dated September 25, 2012, available on www.sedar.com.

Upon closing of the Procon divestment, the Procon nominee directors resigned as well as the Company's CFO. In March 2014, the Company appointed Mr. Eugene Beukman as its new CFO and in April 2014, the Company appointed Messrs Robert Schafer and Kevin Nishi as independent directors of the Company (see news release dated April 9, 2014 for their biographies).

(in Canadian dollars, unless otherwise stated)

2. Results of Operations

Results of Operations – For the year ended December 31, 2013

For the year ended December 31, 2013, the Company incurred an operational loss of $5,648,755 (2012: $2,413,693). Included in the net loss for 2013 is the impairment provision for mineral properties related to La Bufa property of $1,833,153. The significant expenses comprise of the following:

	2013	2012	2011
	$	$	$
Revenues	-	-	-
Exploration expenses	**1,765,648**	**992,013**	**887,437**
Impairment provision for mineral properties	**1,833,153**	-	-
Administrative expenses (top 5 categories):			
Administrative support	203,336	152,166	139,129
Consulting and management fees	163,521	489,756	469,637
Investor relations and shareholder services	171,538	191,391	320,858
Office maintenance	235,647	193,444	183,057
Professional fees (legal and accounting)	848,968	226,854	175,085
Subtotal	**5,221,811**	**2,245,624**	**2,175,203**
% to total loss	92%	93%	82%
Other administrative expenses			
Share-based compensation	-	42,333	267,865
Other administrative expenses	50,242	73,047	168,753
Interest income	(258)	(362)	(1,604)
Interest expense	376,960	53,051	26,963
Loss and comprehensive loss for the year	**5,648,755**	**2,413,693**	**2,637,180**
Basic and diluted loss per common share	**(0.04)**	**(0.02)**	**(0.03)**
Total assets	**3,199,203**	**7,373,347**	**2,862,341**
Total non-current liabilities	**2,224,272**	**2,153,660**	**158,731**
Cash dividends declared per share	**n/a**	**n/a**	**n/a**

Other administrative expenses consists of travel costs of $24,787 (2012: 59,900; 2011:$164,349), depreciation of $10,683 (2012: $7,678, 2011: $7,954), and foreign exchange loss of $14,772 (2012: $5,469; 2011: gain of $3,550).

The decrease in consulting and management fees and investor relations and shareholder services was mainly caused by the liquidity issue the Company faced over the 2013 period. The decrease in share based compensation was mainly caused by the reduction in share options granted to the directors and employees in 2013 and due to accelerated method (also referred as 'graded' vesting), when the significant portion of the vested options is allocated to the earlier periods. The decrease in travel expenses in 2013 in comparison to the previous period was due to cash liquidity issue. The increase in interest expense in 2013 was caused by the cost of additional loans provided by directors to support working capital, interest incurred in relation to the outstanding liabilities for Bell Mountain acquisition and issuance of convertible debenture in November 2012. The increase in professional fees mainly relates to the divestment of the Company from Procon.

(in Canadian dollars, unless otherwise stated)

The Company's key projects in 2013 were Pine Grove, Oro Cruz, La Bufa and Bell Mountain property. The total costs incurred on those projects since 2007 is summarized in the table below:

Exploration expenses for the year ended December 31,	**Pine Grove**	**Oro Cruz**	**Bell Mountain**	**La-Bufa**	**Other properties (refunds)**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
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
	3,997,810	**1,089,072**	**1,300,844**	**3,991,306**	**84,408**	**10,463,441**
Less recoveries	**-**	**(328,765)**	**-**	**(1,051,735)**	**-**	**(1,380,500)**
Total exploration expenses incurred	**3,997,810**	**760,307**	**1,300,844**	**2,939,571**	**84,408**	**9,082,941**

Results of Operations – For the three months ended December 31, 2013

Summary of Quarterly Results:

2013 Quarterly Results:	**2013**	**4th Quarter**	**3rd Quarter**	**2nd Quarter**	**1st Quarter**
	$	**$**	**$**	**$**	**$**
Revenue	-	-	-	-	-
Exploration expenses	1,765,648	65,969	286,571	1,091,215	321,893
Impairment provision for mineral properties	1,833,153	-	1,833,153	-	-
Administrative expenses (incl. interest expense)	2,049,954	308,723	368,807	867,041	505,383
Loss and comprehensive loss	5,648,755	374,692	2,488,531	1,958,256	827,276
Basic and diluted loss per share	(0.04)	(0.01)	(0.02)	(0.01)	(0.01)
Total assets	3,199,203	3,199,203	3,514,555	5,411,603	6,679,303
Working capital (deficiency)	(3,279,296)	(3,279,296)	(2,926,501)	(2,207,446)	(273,087)

2012 Quarterly Results:	**2012**	**4th Quarter**	**3rd Quarter**	**2nd Quarter**	**1st Quarter**
	$	**$**	**$**	**$**	**$**
Revenue	-	-	-	-	-
Exploration expenses	992,013	322,227	247,315	90,217	332,254
Administrative expenses	1,368,991	543,711	307,770	241,449	276,061
Loss and comprehensive loss	2,413,693	928,973	554,867	331,666	598,187
Basic and diluted loss per share	(0.02)	(0.01)	(0.00)	(0.00)	(0.01)
Total assets	7,373,347	7,373,347	3,128,889	2,827,649	2,828,312
Working capital (deficiency)	511,491	511,491	(695,809)	(901,195)	(583,223)

The administrative expenses for three months ended December 31, 2013 in amount of $308,723 (2012: $543,711) comprise of the following: consulting and management fees of $44,761 (2012: $230,700), professional fees of $38,743 (2012: $102,404), investor relations and shareholder services of $(166) (recovery) (2012: $95,022), office maintenance of $82,372 (2012: $45,832), administrative support of $43,768 (2012: $48,454); travel costs of $(4,874) (recovery) (2012: $22,469), share-based compensation of $Nil (2012: $1,837), depreciation of $3,306 (2012: $2,111), foreign exchange gain of $5,977 (2012: loss of $13,112) and interest expense of $107,048 (2012: $34,821).

The administrative expenses over the past two quarters in 2013 decreased in comparison to the previous corresponding period as a result of a serious working capital deficiency experienced by the Company.

3. Project Summaries and Activities

PROJECTS - Overview

Pine Grove Property, Nevada – In December 2011, Lincoln announced a positive Preliminary Economic Assessment ("PEA") on the proposed open-pit mining and heap-leach operation at its Pine Grove project. The PEA reports a combined total Measured and Indicated gold resource of 203,900 ounces gold and Inferred gold resources of 43,100 ounces (see table in Pine Grove Property discussion). Metallurgical work was completed in Q3 and reports were issued in mid-October 2012. All new field work was halted in Q3 owing to the CFIUS order which has now been lifted. Work is anticipated to resume in the spring to 2014.

Bell Mountain Property, Nevada - In November 2012, Lincoln finalized a purchase agreement with Laurion Mineral Exploration Inc. to earn a 100% interest in the Bell Mountain property in Churchill County, Nevada. On December 19, 2012, the Company announced that it had filed an updated NI 43-101 compliant technical report for the Bell Mountain project. The report summarizes the mineral resource estimate of Measured and Indicated 265,634 ounces gold and Inferred gold resources of 45,412 ounces gold. Lincoln plans to advance the project with a Preliminary Economic Assessment during 2014. A total of 34 holes were drilled in 2013 prior to being shut down by order of CFIUS. As a result, field studies supporting permitting were also terminated. The CFIUS order has now been lifted and work is anticipated to resume in the spring of 2014.

Plans are to mine Pine Grove and Bell Mountain projects together.

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 in early 2013 due to arbitration with Elgin Mining which has now been resolved. Additionally, no work was completed in Q3 and Q4 due to the CFIUS order which has now been lifted. Lincoln is now free to advance the project towards production. New funding will be required for the confirmation program.

La Bufa, Mexico - The large La Bufa property in Chihuahua State encompasses a historical mining district in the Sierra Madre Occidental and has multi-million ounces gold and silver potential. Past and recent exploration drilling has encountered encouraging results. Lincoln completed a 20-hole drilling program in December 2011. Significant silver-gold intercepts warrant further offset drilling. No significant work was conducted in 2013 due to arbitration with Elgin Mining which has now been resolved. Owing to various security issues and the new Mexican tax regime, Lincoln plans to divest itself of the property and focus on its more advanced U.S. projects.

UNITED STATES

Pine Grove Gold Property, Lyon County, Nevada

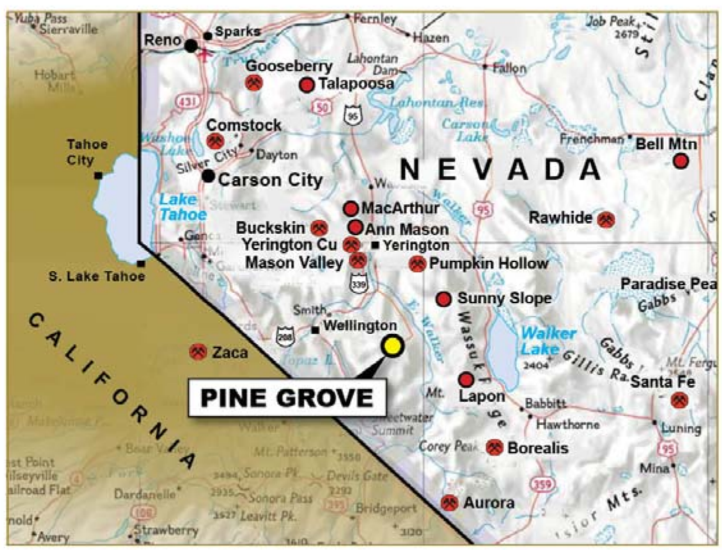
Pine Grove – Overview:

The Pine Grove Property continues as a development-stage gold project with potential for near-term production. 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 221 unpatented claims owned directly by Lincoln. The Company's land position covers the main gold mineralization in the district, 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 & 2010 by Lincoln. Some high-grade gold intercepts were encountered. New targets offer potential for additional resources.

On March 21, 2011, Lincoln filed an updated NI 43-101 technical report, compiled by Tetra Tech, Inc. reporting Indicated resources of 177,000 ozs gold at an average grade of 0.033 opt gold and Inferred resources of 115,000 ozs gold at an average grade of 0.028 opt gold, both at a cutoff grade of 0.010 opt gold. The technical report supports step-out drilling and other work to expand exisiting resources.

On December 8, 2011, Lincoln announced that it had received a positive preliminary economic assessment ("PEA") for a proposed open-pit mining and heap-leach operation at its Pine Grove gold project. The PEA, completed by Telesto Nevada Inc., reported combined Measured and Indicated resources total of 6,055,000 tons grading 0.034 opt gold containing 203,900 ozs gold at a cutoff grade of 0.007 opt gold and an Inferred resources of 1,596,000 tons grading 0.027 opt gold containing 43,100 oz gold at a cutoff grade of 0.007 opt gold. Gold recovery from heap-leach operations is estimated at 75%. Mine life is an estimated 6 years with pre-production work in the first year followed by 4 years of production of 26,200 to 28,200 ounces per year followed by a final year of pad rinsing. The project is relatively sound with a free cash flow of US $32 million dollars at a gold price of US $1,425 oz.



Pine Grove – Location:

The Pine Grove gold property is located in the Pine Grove Hills, approximately 20 miles south of the town of Yerington, Nevada. Access is excellent from Yerington via State Highway 208 (paved) southward to the East Walker Road (gravel) and then southward to the Pine Grove Mine Road turnoff and then 4 miles westward on a Forest Service dirt road to the property.

Pine Grove is the Company's most advanced property. The property consists of the Wheeler gold deposit and the nearby Wilson gold deposit with immediate exploration potential on intervening and surrounding ground. The Company intends to develop additional resources and advance the project to production.

Pine Grove – History:

Pine Grove falls within the Walker Lane Mineral Trend and has a history of high-grade underground gold production. The mining district, discovered in 1866, was originally called the Wilson mining district. Gold was produced from two underground mines, the Wilson and the nearby Wheeler. The mines are approximately 3,500 ft apart, separated by Pine Grove Creek. Most underground mining was completed by 1887, with sporadic production to 1915. Approximately 240,000 ozs gold were produced at an average grade of 1.36 oz per ton gold. Most of the old workings are no deeper than 140 ft. In the early 1990s, Teck Resources spent US $2.2 million and drilled 190 holes at Pine Grove. The Company has all of Teck's data.

Pine Grove – Geology & Mineralization:

The Pine Grove district is dominated by Jurassic granodiorite and its variations. The style of mineralization appears to be of the "Shear Zone" sub-type of Plutonic-Related Gold Quartz Veins and Veinlets. The shallow-dipping Pine Grove fault zone is approximately 600 ft wide and at least 1 mile long and appears to be the primary structural control of gold mineralization. Significant gold mineralization occurs as stacked, sub-horizontal zones and pods ranging from 10 to 50 ft in thickness. Although high-grade gold (>0.5 oz per ton) was the target in the historic past, the enclosing lower grade material offers immediate open-pit potential.

Pine Grove – Agreements:

Pursuant to an agreement dated July 13, 2007, Lincoln entered into a mining lease with the Wheeler Mining Company, owner of the Wheeler patented lode claims and mill site (private parcels). The lease has a 15 year term with an option to extend the lease for each subsequent year that the parcels are in commercial production. The terms of the agreement include advance royalty payments of US$10,000 in the first year and US$30,000 per year in subsequent years and a sliding-scale NSR ranging from 3% at a gold price of US$450 per oz to 7% at a gold price of US$701 per oz.

Pursuant to an agreement dated July 25, 2007, Lincoln purchased from Harold Votipka, the Harvest lode claim, the Winter Harvest lode claim, and the Harvest Fraction lode claim. The purchase price was US$12,000 and includes a 5% NSR. 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.

Also, pursuant to an agreement dated August 1, 2007, Lincoln entered into a mining lease option with Lyon Grove LLC, owner of the Wilson patented lode claims (private parcels). The lease has a 15 year term and can be extended for ten additional one (1) year terms at Lincoln's option on the condition that Lincoln is conducting exploration, development or mining activities on the property. Lyon Grove LLC also has the option to require Lincoln to purchase the entire interest in the property (except the royalty described below) for the purchase price of US$1,000. The terms of this agreement include advance royalty payments of US$10,000 in the first year, and US$25,000 per year in subsequent years and a sliding-scale NSR ranging from 3% at a gold price of US$450 per oz to 7% at a gold price greater than US$700 per oz. This agreement includes a 6 square mile Area of Interest that is covered by a fixed 5% NSR payment on any new claims put into production. A royalty buy-down agreement, effective July 21, 2010, lowers the NSR on the Wilson patented lode claims to a fixed 2.5% by paying to Lyon Grove US$300,000 in two installments and issuing 500,000 shares in the Company (which has now been completed). As part of this agreement, the fixed 5% NSR in the Area of Interest will apply only to unpatented lode claims staked by Lincoln and will exempt various other claims acquired by the Company.

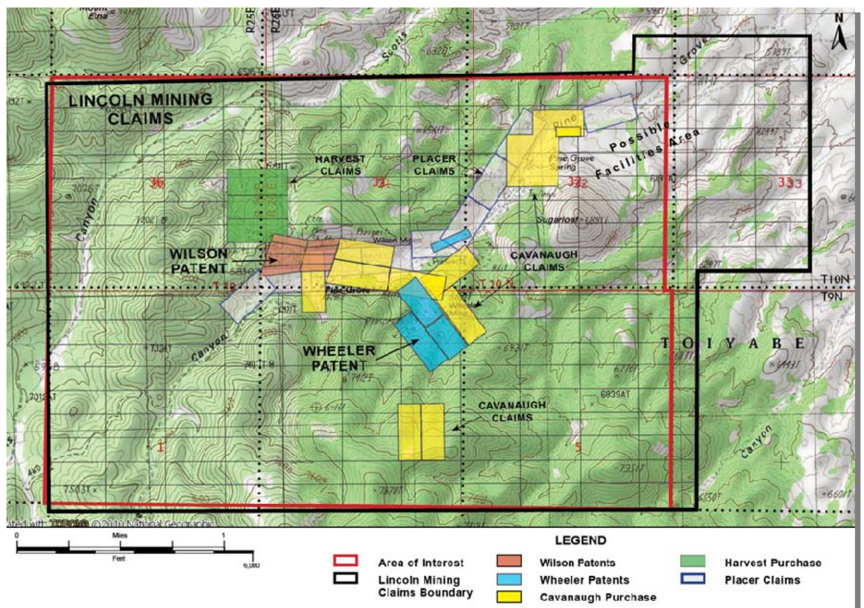
In addition, pursuant to an agreement effective August 23, 2010, Lincoln entered into a purchase agreement with retained royalty with the Estelle D. Cavanaugh Trust, owner of eight unpatented lode claims, one unpatented placer claim, and one unpatented millsite claim. The ten claims are collectively known as the "Cavanaugh claims" and consist of the Southern Cross No. 4, Southern Cross No. 29, Southern Cross No. 30, Highlands, Upper Highlands, Protector, Little Jim, Sentinel, Crown Placer, and Crown Millsite. The purchase also includes three water rights in the Pine Grove drainage. Terms of the purchase include cash payments totaling US$650,000 and the issuance of 400,000 Company shares over a period of three years and a fixed 1.5% NSR. Upon closing, Lincoln paid to the owner US$250,000 followed by US$150,000, in August 2011 and to be followed by US$150,000, and US$100,000 over the next two anniversaries of the agreement. Upon closing, Lincoln issued to the owner 150,000 Company shares followed by 150,000 shares and 100,000 shares over the next two anniversaries of the agreement. Lincoln has the option to buy down the entire production royalty at a rate of US$75,000 per one-half (0.5%) point at any time up until 3 years after the Lincoln Board of Directors approves mine construction.

In addition to the aforementioned leases and purchases, Lincoln now has located 221 unpatented lode claims in the names of LGUS 1 through 189, LGUS 219 through 221, and LG 190 through 218. Also, Lincoln has located nine placer claims in the Pine Grove drainage which cover various placer gold ground, historic placer workings, and gold-bearing mine dumps and tailings. Lincoln controls approximately 7 square miles comprising the entire Pine Grove mining district.

Pine Grove – Work & Claims:

Past drilling at Pine Grove includes 190 holes (68,102 ft.) drilled by Teck Resources from 1989 to 1992, including two core holes. In 2008, Lincoln drilled four metallurgical core holes (799 ft.). In January 2009, Lincoln filed an updated NI 43-101 technical report prepared in late 2008 by Minefill Services, Inc. The report utilized past drilling and reported an Inferred resource for the Wilson and Wheeler deposits of over 6 million short tons grading 0.053 opt gold using a cutoff grade of 0.01 opt gold with assays capped at 0.5 opt gold. The Inferred resource contains approximately 320,000 ozs gold.

In the winter of 2009-2010, Lincoln drilled 63 reverse-circulation holes (16,341 ft.) in an effort to reaffirm and upgrade existing gold resource categories. A field office was established in Yerington, Nevada to support the drilling program. Drilling results indicate that gold mineralization remains open on the Wilson patent to the southwest, northwest, and northeast. Some new, narrow high-grade gold mineralization was encountered in the southwest and northeast.



Renewed reverse-circulation drilling commenced on July 26, 2010 and eleven (11) shallow holes were drilled on the southern Wheeler deposit with two holes being lost in overburden. Total drill footage was 2,015 ft for an average hole depth of 183 ft. Five of the holes encountered narrow zones of gold mineralization with intercepts ranging from 5 to 15 ft and grading from 0.013 to 0.035 opt gold. The best intercept was in hole WR-124 which encountered shallow gold mineralization from 60 to 75 ft (15 ft) grading 0.035 opt gold.

Initial drilling results show good continuity and distribution of gold mineralization at the Wheeler gold deposit. The Wilson gold deposit appears to need more drilling to develop additional resources amenable to open pit mining. New, high-grade gold intercepts at the Wilson may require consideration of a possible underground mining scenario in the future. Additional step-out drilling is required to develop the full potential of the Wilson gold deposit. Note: Hole WS-17, containing 45 ft grading 0.030 oz per ton gold, is 300 to 400 ft beyond the nearest Wilson deposit drill holes. The intervening ground and beyond may be mineralized and remains untested by drilling. Additional reverse-circulation drilling is warranted and is planned as part of future mine operations.

A soil sampling program was completed in July 2010 extending westward from the Wilson patented claims. North-south sample lines were spaced 100 ft apart with sample stations every 50 ft. All 843 samples collected were assayed for gold and copper. Sample results produced at least six strong gold anomalies trending northward along the western margin of the Wilson patented claims. Subtle northwest-trending gold-in-soil zones were also identified. Copper assays produced a strong anomalous area in the southwestern portion of the Wilson patented claims and an anomaly coincident with the gold anomalies just northwest of the Wilson patented claims. All anomalies are considered excellent drill targets.

Two 8-inch column-leach tests and three 4-inch column-leach tests were begun in February 2010 at McClelland Laboratories in Sparks, Nevada. Test results were reported in September 2010. Column leach tests on 80% material passing -3/8 inch resulted in 77% weighted average gold recovery. For the purpose of modeling, gold recovery of 75% was used over a heap leach period of 150 days.

During November-December of 2010, Lincoln drilled four additional PQ diameter core holes for metallurgical samples. Two holes were drilled on the Wilson and two holes were drilled on the Wheeler for a total of 710 ft. The core was stored at ALS Chemex, Reno, NV, in a dedicated secure storage facility.

Pine Grove - Technical Report

Tetra Tech, Inc. in Golden, Colorado completed a technical report dated March 16, 2011, which is compliant with Canadian National Instrument 43-101. The report was filed on SEDAR (www.sedar.com) on March 21, 2011 under the Company's profile. The updated technical report disclosed combined Indicated resources at 177,000 ozs of gold and a further 115,000 ozs of gold in the Inferred category. The cut-off grade used for this report was 0.010 opt gold.

Pine Grove – Preliminary Economic Assessment

On December 8, 2011, Lincoln announced that it had received a positive preliminary economic assessment ("PEA") on the pro-posed open-pit and heap-leach operations at the Pine Grove gold project. The PEA was completed by Telesto Nevada Inc. of Reno, Nevada. A summary of total Measured and Indicated resources and Inferred resources is presented in the table above. Combined Measured resources (81%) and Indicated resources (19%) within designed pit shells total 3,470,000 tons grading 0.042 opt gold containing 145,000 ozs gold at a cut-off grade of 0.007 opt gold. The base case utilizes a gold price of $1,425 per oz. The PEA recommends two conventional open-pits with a combined stripping ratio of 3:1, including ramps and 50° pit-wall slopes. Contract mining will be employed with a goal to deliver 1 million tons of ore to the crusher per year. The ore will be crushed to 3/8 inch and agglomerated. Ultimate gold recovery from heap-leach operations is projected at 75% with gold stripped from loaded carbon at an independent offsite refinery. Mine life is 6 years with preproduction work in the first year followed by 4 years of gold production of 26,200 to 28,200 ounces per year followed by a final year of pad rinsing. The project is relatively sound with a free cash flow of US $32 million dollars at a gold price of US $1,425 oz." Total direct capital costs are estimated at $22.9 million plus $4.5 million contingency. Projected production cash costs are estimated $799/oz gold recovery on average. The Internal Rate of Return is 31% after royalties, reclamation costs and the Nevada Net proceeds Tax. Free cash flow is estimated at $32.2 million before discounting the Net Present Value. Payback on capital is expected in 32 months. Permitting is in process.

Total Measured and Indicated Gold Resources at Pine Grove

At 0.007 opt Au cutoff (as at December 8, 2011)

Category	Tons (000s)	Cutoff Grade Gold (opt)	Average Gold Grade (opt)	Contained Ounces Gold
Measured	4,043	0.007	0.035	141,500
Indicated	2,012	0.007	0.031	62,400
Measured + Indicated	6,055	0.007	0.034	203,900

At a 0.007 opt gold cutoff grade, Inferred Resources are reported at 1,596,000 tons grading 0.027 opt gold containing 43,100 ozs gold. The Wilson deposit is not drilled off and is open in several directions.

The combined gold resources that fall within a pit shell with at a gold price of US$1425 are reported in the table below. Approximately 81% is measured and 19% is indicated. These resources are potentially mineable in two separate pits, the Wilson and the Wheeler.

Measured and Indicated Resources within Pit Shell
At 0.007 opt Au cutoff and $1,425 per oz gold (as at December 8, 2011)

Category	Tons (000s)	Cutoff Grade Gold (opt)	Average Gold Grade (opt)	Contained Ounces Gold
Measured	2,806	0.007	0.041	115,100
Indicated	663	0.007	0.046	30,200
Measured + Indicated	3,469	0.007	0.042	145,300

Note: Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Pine Grove – Recent Activities

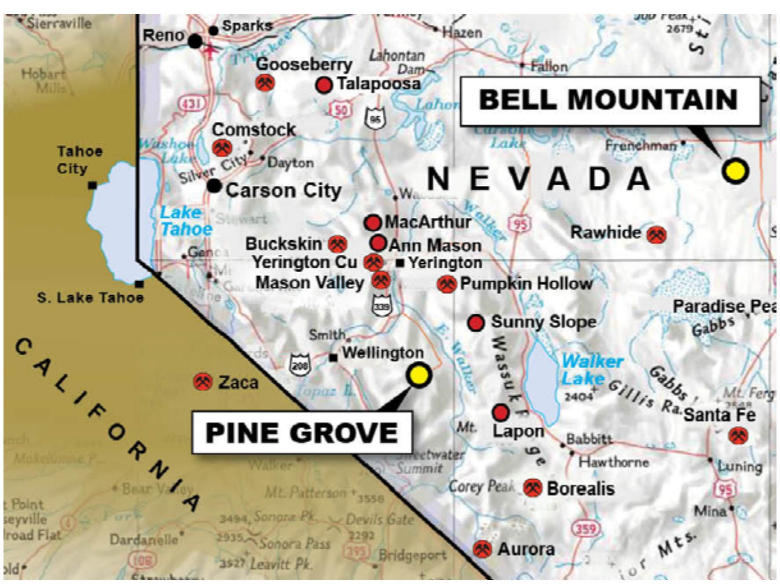
In late 2012, the Company renewed aggressive permitting activities for condemnation drilling, geotechnical drilling, monitoring wells, and water wells. JBR Environmental Consultants of Reno, Nevada is assisting Lincoln in the permitting process. Base line field surveys to support permitting were re-initiated at Pine Grove by JBR in 2013 but halted in Q3. During March of 2013, Lincoln initiated four new column leach tests and gravity tests at McClelland Laboratories in Reno, Nevada. Gravity testing of higher grade material (0.097 to 0.412 opt Au) at 80%-150M feed size showed significant quantities of free milling particulate gold that generally responded very well to gravity concentration with 70.3% to 86.5% gold recovery. One sample tested poorly with 26.5% gold recovery. Four (4) column leach tests and environmental characterization test work on leached residues were completed during Q2. Final reports were received from McClelland Laboratories on October 11, 2013. Column leach test results on material grading from 0.027 to 0.042 opt Au show that each of the Pine Grove composites was amenable to simulated heap leach cyanidation treatment at an 80%-3/8 inch feed size. Gold recoveries for the Wheeler oxide and sulfide composites were 80.0% and 76.5% respectively. Gold recoveries for the Wilson oxide and mixed composites were 68.4% and 67.6% respectively. Gold recoveries within a given zone were essentially the same regardless of ore type (oxide, mixed, sulfide). Waste-rock characterization test results were received during Q2. The final report was received from JBR Environmental Consultants on October 18, 2013. A total of 73 samples were submitted for static acid-base-accounting tests, 28 from the Wheeler deposit and 45 from the Wilson deposit. Test results indicate that the system is unlikely to be potentially acid-generating. An additional seven (7) samples require 140-day humidity cell tests. No new field work was completed during Q3 and Q4 2013 due to the CFIUS order which has now been lifted. Work is anticipated to resume in the spring of 2014 with emphasis on permitting, geotechnical work, and condemnation drilling in an effort to advance the project towards production.

Bell Mountain Gold-Silver Property, Churchill County, Nevada

Bell Mountain – Overview:

The Bell Mountain property is an advanced-stage project with near term potential for open pit gold and silver production. On November 28, 2012, Lincoln Mining announced that the Company had signed a definitive purchase agreement with Laurion Mineral Exploration Inc. ("Laurion") for the purchase and assignment of an option to earn a 100% interest in the Bell Mountain property located in Churchill County, Nevada.

A NI 43-101 technical report dated May 4, 2011, prepared by Telesto Nevada Inc., was filed on SEDAR by Laurion, which disclosed a preliminary equivalent gold and silver resource estimate of Measured & Indicated and Inferred resource categories for Bell Mountain. On December 18, 2012, Lincoln Mining filed a report, prepared by Telesto Nevada Inc., entitled "Amended and Restated NI 43-101 Technical Report for the Bell Mountain Project" (see table on reverse side for details).



Bell Mountain – Location:

Bell Mountain is located east-southeast of Reno, Nevada in the Fairview mining district, approximately 54 road miles (86 kilometers) from Fallon, Nevada. It is comprised of 174 unpatented lode claims and six mill site claims covering a land package of 1,420 hectares (3,510 acres). The six mill site claims cover a water well approximately 8 miles north of the main claim block. This well is part of the Bell Mountain project and was tested in 2013 at 220 gpm with drinking water quality once the well was flushed.

Bell Mountain is located within the Walker Lane Mineral Trend, which is a major NW-

SE trending complex fault system related to major precious metal deposits at Goldfield, Tonopah, Rawhide and Paradise Peak, among others. The Rawhide mine, which produced over 2 million ounces of gold in the 1980-1990's, lies 20 miles (32 km) to the southwest and the Paradise Peak mine, that produced over 2 million ounces of gold in the 1980's, lies 35 miles (56 km) to the southeast. Bell Mountain is located approximately 65 straight line miles northeast of Lincoln's Pine Grove project.

Bell Mountain – History:

The earliest known work at Bell Mountain was in 1914, when W.W. Stockton located claims and began sinking a 15 meter shaft on the vein outcrop of what is now called the Spurr deposit. The only recorded production from Bell Mountain was a 35-ton carload of hand sorted material that averaged 16 gpt gold plus 510 gpt silver shipped by Stockton in 1927. Between 1978 and 1982, American Pyramid Resources prepared a feasibililty study but the project did not go forward. In 1989, N.A. Degerstrom acquired the property and advanced it for production. However, work ceased due to falling gold prices. In 1994 Globex Nevada acquired the property and leased it to various companies. In June 2010, Laurion Mineral Exploration Inc. ("Laurion") optioned the property and prepared a non-compliant geological technical report in August 2010. Subsequently, Laurion filed a NI 43-101 compliant technical report on SEDAR on May 3, 2011. On November 28, 2012, Lincoln Mining announced that the Company had signed a definitive agreement with Laurion and its Nevada subsidiary Laurion Mineral Exploration USA LLC for the purchase and assignment of an option to earn a 100% interest in the Bell Mountain Property.

Bell Mountain – Geology:

The Bell Mountain project is located in the Basin and Range physiographic province and within the Walker Lane Mineral Trend, which hosts major precious metals deposits. The Bell Mountain gold-silver mineralization is structurally controlled and consists of various epithermal calcite/quartz veins hosted within the Tertiary Bell Mountain Caldera. The principal host rocks are a monotonous sequence of stratified rhyolitic ashflow tuffs. The primary control is an east-northeast trending zone of faulting, named the Varga-Spurr fault. To date, three main bodies of gold-silver mineralization have been defined by drilling. These are the Spurr, Varga and the Sphinx deposits. Additional potential exists at East Ridge.

Bell Mountain – Agreements:

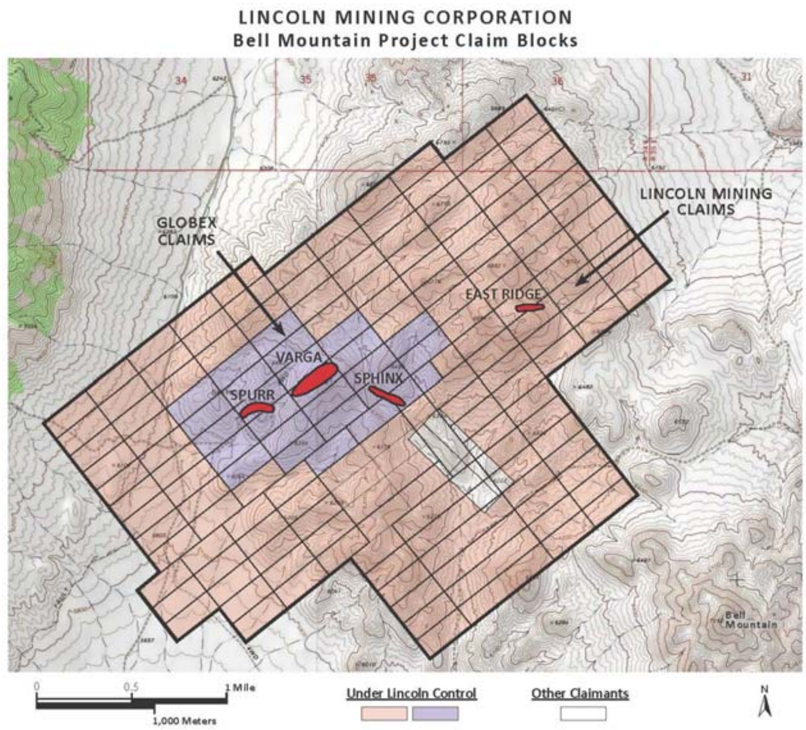
In November 2012, the Company entered into a purchase agreement with Laurion Mineral Exploration Inc. and its Nevada subsidiary Laurion Mineral Exploration USA LLC (together, "Laurion"), pursuant to which the Company's subsidiary (Lincoln Resource Group Corporation) has acquired from Laurion certain unpatented mining claims and the assignment and assumption of Laurion's option (the "Bell Mountain Option") to earn a 100% interest in the Bell Mountain property from Globex Nevada Inc. ("Globex"). Twenty-six core claims are optioned by Laurion from Globex Nevada Inc. under an Agreement dated June 28, 2010. Laurion has the right and option to acquire 100% interest in the Globex property by spending an additional $1,745,000 in exploration expenditures by June 28, 2015.

The purchase price of the transaction is in aggregate of $2,350,000 cash, payable by the Company to Laurion as follows:

- $350,000 within five business days of all necessary TSXV approvals (paid),
- $350,000 by November 30, 2012 (paid),
- $750,000 on completion of a pre-feasibility study (see below), and
- $900,000 on or before five months after completion of the pre-feasibility study (see below).

The Company renegotiated the payment schedule for the Bell Mountain project whereby principal repayments outstanding at September 30, 2013 would accrue interest at a rate of 4% per annum and would be due in full by December 31, 2013. During the year the Company made principal repayments of $490,000. Subsequent to December 31, 2013, the Company further renegotiated the terms whereby the Company would make staggered payments of the remaining principal balance plus accrued interest through to June 2014.

The Bell Mountain property is also subject to two royalties which will take effect upon commencement of commercial production. The first royalty is a 2% net smelter return royalty with N.A. Degerstrom Inc., which can be acquired for US$167,000. In addition, Globex will maintain a sliding-scale gross metal royalty ("GMR") on all mineral production (gold, silver etc.) benchmarked upon the price of gold (1% GMR at a gold price under US$500/troy ounce, 2% GMR at a gold price between US$500 and US$1,200/troy ounce and 3% GMR at a gold price over US$1,200/troy ounce). Pursuant to the Globex Agreement, upon exercise of the option and the acquisition of a 100% interest in the Bell Mountain property from Globex, the Company would be required to pay annually a $20,000 advance royalty payment, which would be credited against the royalty payable to Globex described above.



In December 2012, the Company filed a technical report dated December 18, 2012 entitled "Amended and Restated NI 43-101 Technical Report for the Bell Mountain Project, Churchill County, Nevada" prepared by Telesto Nevada Inc. (the "Technical Report"), in accordance with the requirements of National Instrument 43-101 ("NI 43-101"). The mineral resource in the Technical Report contains no material differences from the mineral resource estimate on the Bell Mountain project previously disclosed in the Company. A summary of the mineral resource estimate in the Technical Report is described below:

The resulting resources reported herein for Bell Mountain were classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") definitions. Resources are reported as measured, indicated and inferred. Gold and silver values were carried in parts per million (ppm) in the database. Grams per metric tonne (g/t) are equivalent to ppm, so the resource is reported in terms of g/t. The resource is also reported in terms of troy ounces per short ton (opt). Results of the modeling indicate the presence of an estimated NI 43-101 compliant measured and indicated mineral resource and inferred resources at Bell Mountain.

Bell Mountain – Work & Claims:

The project consists of 174 unpatented - lode claims and six (6) mill site claims (not shown) located on BLM land. Proposed mining activities will be subject to Federal land use regulations as well as State of Nevada regulations. Over the past 21 years multiple companies have drilled at Bell Mountain for a total of 288 drill holes totaling 57,742 ft, including Lincoln drilling in 2013. Of this drilling, 227 holes for over 35,000 ft with 8,727 assays are in the present resource data base.

The following table is a resource estimate for the Bell Mountain property as disclosed in the NI 43-101 technical report, prepared by Telesto Nevada Inc., for Lincoln Mining and filed on SEDAR on December 18, 2012:

All Gold, Silver and Gold-Equivalent Measured and Indicated Resources at Bell Mountain at 0.192 g/t AuEQ Cutoff

Category	Tonnes (000s)	Tons (000s)	Gold				Silver				Total Ounces of Gold Equivalent (oz AuEQ)
			Gold Cutoff Grade (g/t)	Average Grade		Gold (oz)	Average Grade		Silver (oz)	Ounces of Silver as Gold Equivalent	
				Gold (opt)	Gold (g/t)		Silver (opt)	Silver (g/t)			
Measured	5,952	6,561	0.192	0.015	0.531	101,534	0.485	16.62	3,180,127	57,820	159,355
Indicated	3,810	4,199	0.192	0.015	0.518	63,484	0.561	19.22	2,353,780	42,796	106,280
Measured + Indicated	9,761	10,760	0.192	0.015	0.526	165,018	0.514	17.63	5,533,907	100,616	265,635

All Gold, Silver and Gold-Equivalent Inferred Resources at Bell Mountain at 0.192 g/t AuEQ Cutoff

Category	Tonnes (000s)	Tons (000s)	Gold				Silver				Total Ounces of Gold Equivalent (oz AuEQ)
			Gold Cutoff Grade (g/t)	Average Grade		Gold (oz)	Average Grade		Silver (oz)	Ounces of Silver as Gold Equivalent	
				Gold (opt)	Gold (g/t)		Silver (opt)	Silver (g/t)			
Inferred	2,046	2,255	0.192	0.013	0.449	29,550	0.387	13.26	872,411	15,862	45,412

Bell Mountain – Recent Activities:

During Q1, Lincoln completed permitting and bonding for metallurgical core drilling, geotechnical core drilling, and infill RC drilling on the Spurr, Varga, and Sphnix deposits. Drilling commenced in Q2 on April 6 and continued with two drill rigs through June 11, 2013. Due to the loss of funding, three (3) RC holes were not drilled and five (5) RC holes remain to be assayed. A total of 34 holes were drilled for a total footage of 8,295.0 ft of which 33.6% was core and 66.4% was RC drilling. Eight (8) PQ metallurgical core holes were drilled for a total 1,617.0 ft. The core is securely held by McClelland Laboratories for processing and column leach tests once new funding is acquired. Five (5) geotechnical core holes were drilled for a total of 1,173.0 ft. The purpose of this drilling was to determine future pit wall stability parameters. Golder Associates was contracted to handle the specialized core logging and conduct various tests on the core. Owing to the loss of funding, no report has been written to date. Twenty-one (21) infill RC holes were completed for a total of 5,505 ft. Assays have been received from 16 holes which will be incorporated into a new resource model. The remaining five (5) RC holes will be submitted for assay as funding becomes available. All duplicate RC samples, geotechnical core, and RC bulk rejects and pulps are securely stored in a locked warehouse in Fallon, Nevada. All field work ceased in Q3 and Q4 by order of CFIUS. This order has now been lifted and work should resume in spring 2014.

The recording weather station that was installed on the Bell Mountain property during Q1 was removed from the property during Q2 by order of CFIUS. This order has been lifted and the weather station should be re-established in spring 2014.

Field studies were conducted at Bell Mountain by JBR Environmental Consultants in an effort to fast-tract permitting. The "Waters of the U.S." field study and report were completed and hand delivered on September 19, 2013 to the U.S. Army Corp. of Engineers for review and determination of jurisdiction. The biology base line field survey was completed. Permitting work is anticipated to resume in spring 2014.

Work in 2014 will focus on completing infill/edge drilling, geotechnical work, metallurgical work, and permitting.

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.

Historic mining from between 1890-1916 and again in 1932-1941 produced in excess of 150,000 ozs gold. More recently, MK Gold Company produced 61,000 ozs gold in one year, 1995-96, from both open-pit and underground mining. Mining ceased in 1996 due to low gold prices. Prior to cessation, MK Gold was conducting a significant pit wall push back to reach in-place "ore." Gold mineralization remains exposed in the open-pit and in underground workings. Numerous targets remain untested.

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.

Lincoln Mining, with its joint venture partner Elgin Mining Inc. ("Elgin"), planned a drill program for Oro Cruz. However, in September 2012, Lincoln announced that it had terminated its agreement with Elgin Mining due to certain unfulfilled obligations. In June 2013, the Company and Elgin reached a full and final settlement.

Oro Cruz – Location:

The Oro Cruz project is located northwest of Yuma, Arizona, in the Tumco mining district within in the Cargo Muchacho Mountains, Imperial County, California. All-weather access is excellent and takes about 35 minutes from Yuma, Arizona, via Interstate highway 8 westward from Yuma, Arizona, approximately 13 miles to paved county road S34, then northeast approximately 8 miles to Tumco. Dirt roads provide property access. Some local access restrictions exist owing to historic mine ruins. The area has electrical power from the state grid. Logistics are excellent for mining.

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.

Oro Cruz – Geology & Mineralization:

The local geology consists largely of Jurassic schist and gneiss of the Tumco Formation. Conspicuous white Tertiary pegmatite dikes and latite dikes cut the metamorphic terrain. The main Oro Cruz gold deposit is an irregular, elongate, tabular zone that dips approximately 25° downward from the open-pit floor for at least 1,800 ft. Mineralized thicknesses are variable at multiple tens of feet. Lesser parallel zones of mineralization are also present. The deposit remains open down-dip with the last vertical hole containing 57.5 ft grading 0.389 oz per ton gold *(not true thickness)*.

Oro Cruz – Agreements & Claims:

On February 22, 2010, Lincoln entered into a Mining Lease agreement on the Oro Cruz Property with ADGIS, Inc., a Nevada corporation. The agreement covers 20 unpatented lode claims which encompass an open pit with exposed ore-grade gold mineralization and an underground ramp that intersects ore-grade material below the pit. The term of the agreement is 20 years and so long thereafter Lincoln is conducting exploration, development, mining, or processing of minerals from the property. The agreement includes a NSR of 3% on the first 500,000 ozs of gold produced which increases to 4% thereafter. Minimum advance royalty payments begin with a US$50,000 payment upon execution of the agreement and escalates annually to a maximum of US$200,000 upon the seventh anniversary and annually thereafter. Lincoln has the option to buy down the royalty at a rate of US$500,000 per half percent. The production royalty applies to an Area of Interest of approximately 7 square miles surrounding the core 20 unpatented lode claims.

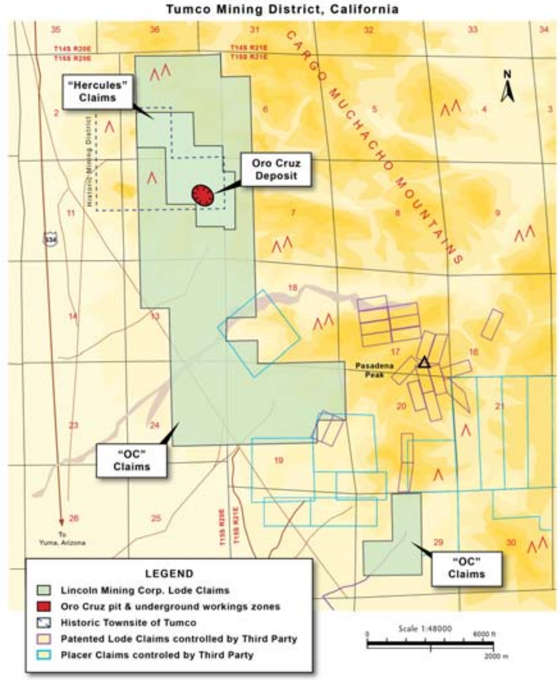
In anticipation of acquiring the 20 core Oro Cruz claims, Lincoln staked 68 contiguous lode claims in November of 2009. In November of 2010, the Company located an additional 63 lode claims to cover potential targets areas south of the main claim group. The entire land position encompasses 151 lode claims comprising approximately 3,000 acres.

Oro Cruz – Work:

In early 2010, Lincoln contracted Atkinson Underground LP ("Atkinson") of Golden, Colorado to open and inspect the underground decline and ventilation shaft system. The decline was reported to be in good condition and the mine air is good. The air and water lines appear to be in usable condition. Copper electrical wire has been stolen. CAL-OSHA inspectors conducted a courtesy inspection of the underground workings in early 2010 with no negative comments. The Company has welded the underground portal closed to prevent future unlawful entry by trespassers. The portal can be reopened as necessary.

The Oro Cruz data base consists of 431 surface drill holes and 60 underground drill holes. In addition, there is information from 13,628 blast holes and 2,960 underground samples. The data base contains 17,586 assays plus assays from 1,684 surface samples. In January 2010, these data, along with geologic information, were provided to Tetra Tech, Inc. of Golden, Colorado for preparation of a technical report compliant with Canadian National

ORO CRUZ PROPERTY
Tumco Mining District, California



(in Canadian dollars, unless otherwise stated)

Instrument 43-101. The final report was submitted to the Company on September 21, 2010. A resource summary for Oro Cruz is presented in the table below.

Oro Cruz Gold Resources – September 2010

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

Tetra Tech recommended a twin-hole drilling program to validate the deposit and to potentially upgrade the resource category. Lincoln plans to eventually drill approximately 28 twin holes plus additional oriented core holes for geotechnical purposes. Tetra Tech also recommended bulk density testing, preliminary metallurgic test work, location of a suitable water and power source, and baseline environmental studies.

In February 2010, Lincoln acquired 20 "Hercules" lode claims that cover the Oro Cruz gold deposit. Thereafter, the Company staked additional contiguous lode claims and Lincoln's land position now totals 151 claims covering an area of approximately 3,000 acres. In September 2010, Lincoln filed a NI 43-101 technical report prepared by Tetra Tech, Inc. detailing an Inferred gold resource of 376,600 ozs gold contained in 7,860,000 tons with an average grade of 0.050 opt gold. The report recommends a work plan to potentially upgrade the resource to Indicated and Measured category. In March 2011, Lincoln entered into an exploration financing agreement with Elgin Mining Inc. As a commitment under the agreement, Elgin agreed to fund $3 million on exploration at Oro Cruz, prior to earning any interest in the property.

Oro Cruz – Recent Activities:

In April 2011, Lincoln conducted aerial photography over the mining district as part of the new base map program. In September 2012, Lincoln announced that it had terminated its agreement with Elgin Mining Inc., due to certain unfulfilled obligations by Elgin. No significant work was conducted during late 2012 and 2013 owing on-going arbitration with Lincoln's partner on Oro Cruz, Elgin Mining Inc. The arbitration has been settled in 2013. Any field work in 2013 was put on hold in Q3 and Q4 by order of CFIUS. This order has been lifted and Lincoln is free to pursue advancement of the Oro Cruz project. Lincoln now plans to conduct confirmation drilling in the Oro Cruz pit area in an effort to upgrade Inferred Resources to higher confidence levels of Indicated and Measured Resources. New funding will be required. Permitting will be a key issue in advancing this project towards production.

MEXICO

La Bufa Gold-Silver Property, Chihuahua, Mexico

La Bufa – Overview:

The La Bufa Property is a gold-silver exploration project. The property consists of four concessions in the Guadalupe y Calvo mining district of southwestern Chihuahua State, Mexico. The concessions cover an area of 2,300 hectares (5,711 acres) and extend along a 9 km long mineral trend. La Bufa surrounds the historic area of production from the Rosario mine, which is now held by Endeavour Silver Corp.

Past core drilling by Lincoln in 2008 and by Grid Capital in 2004 produced encouraging results. Widely spaced core drilling was conducted to get a better perspective of vein system on the property. Encouraging drill hole intercepts ranged up to 2.5 m in width and graded from 0.12 opt to 0.31 opt gold and 8.2 opt to 15.1 opt silver. A total of 17 core holes (5,478 m) have been drilled in the southern concession. Lincoln filed an amended and restated NI 43-101 technical report on La Bufa in February 2009. The report recommended continued drilling and other work to develop drill targets in the La Bufa northern concession.

In early 2010 Lincoln completed a geophysical and soil sampling program over a portion of the northern La Bufa concession and new target areas were identified. A drill program was developed to test new targets in the north and in the vicinity of the Rosario mine. Work to develop drill roads and pad areas began in late spring 2011. A drill program of 20 core holes began in mid-July 2011 and work on the project continued until late November. Drilling has confirmed the presence of anomalous gold-silver mineralization in high-angle quartz breccia veins and stockworks.

Lincoln Mining, with its joint venture partner Elgin Mining Inc. ("Elgin Mining"), conducted the drill program at La Bufa in 2011. However, in September 2012, Lincoln announced that it had terminated its agreement with Elgin Mining due to certain unfulfilled obligations. The issue with Elgin Mining has now been resolved.

La Bufa – Location:

The La Bufa gold-silver property is located in the Sierra Madre Occidental in the far southwestern corner of the State of Chihuahua, Mexico, near the small town and mining district of Guadalupe y Calvo. La Bufa is comprised of four mining concessions totaling 2,311.1 hectares (5,711 acres) which cover much of the northwest-trending zone of gold-silver mineralization. The Company's concessions surround the El Rosario mine which was discovered in 1836 and where nearly all of the historic gold-silver production was derived. Endeavor Silver Corp. presently controls the concessions that cover the historic mine. Endeavor also controls very large concessions surrounding the Company's land position in the main district.

La Bufa – Agreements:

See section in 'Recent Activities' regarding the Exploration Financing Agreement with Elgin Mining Inc.

La Bufa – Claims & History

Lincoln originally held the La Bufa Property under a Joint Venture agreement with Almaden Minerals through their Mexican subsidiary Minera Gavilan, S.A. de C.V. In February 2010, Lincoln acquired 100% interest in La Bufa by issuing to Almaden six million shares and granting to Almaden a 2% NSR on all future production from the property. Lincoln has the option to buy down 1% of the NSR for a price to be independently determined. Also during 2009, Lincoln acquired a 100% interest in the 20-hectare El Chapito concession which is an internal claim within the larger La Bufa concession. Lincoln also controls various surface agreements with individuals, ejidos, and the town of Guadalupe y Calvo which allows the Company drill access.

La Bufa – Geology & Mineralization

The La Bufa Property is an early-stage exploration gold-silver property. The key target is an epithermal quartz-breccia vein and stockwork system hosted in "Lower Volcanics."

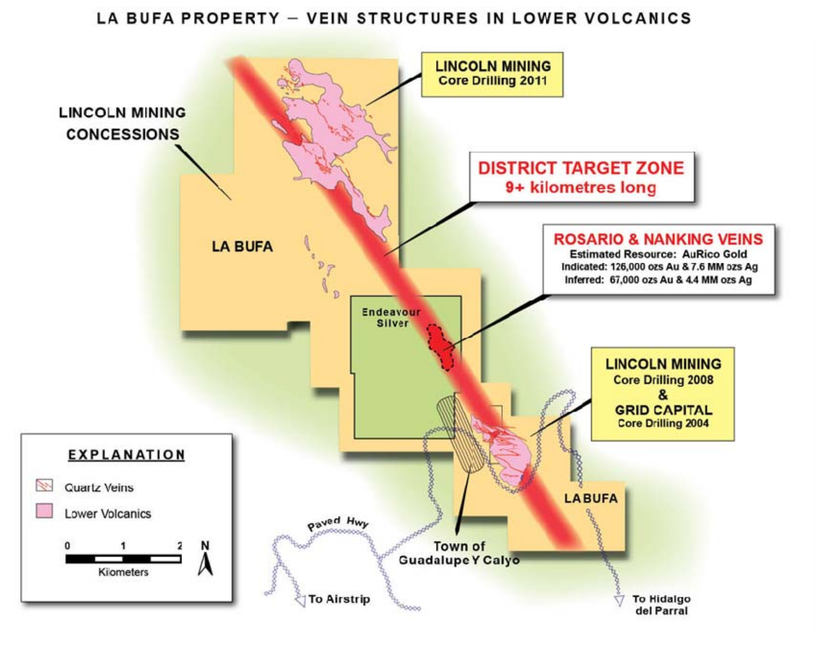
La Bufa – Work:

Lincoln has flown the district with aerial photography and has generated high-quality topographic maps for mapping, sampling, drilling and engineering. In 2008, the Company drilled 12 angle core holes in the southern portion of the Property for a total of 4,811.85 m. The widely spaced holes focused on the El Rosario vein system which extends onto the Company's ground. Encouraging results were received from along a 300 m strike of the vein system within 400 m of the El Rosario mine property boundary. Previous drilling by Grid Capital Corp. in 2004 within the same general area also had good drill intercepts. Drilling results in the southern area suggest that significant gold-silver mineralization occurs primarily in the shallower portions of the vein system.

From late 2009 to early 2010, Lincoln completed eight geophysical lines (20,000 m) of induced polarization and resistivity in the unexplored northern portion of the La Bufa concessions. During the course of the survey, new exposures of mineralized structures were discovered, mapped, and sampled in difficult terrain. Based on 234 rock-chip samples and geophysical anomalies, three new target areas were identified.Geophysical data suggest that the targets may extend to depths over 300 metres.

A drill program was developed to test new targets in the north concession and in the vicinity of the Rosario mine. Work to develop drill pads and pad areas began in late spring 2011.

Lincoln received permission from the Ministry of Environmental and Natural Resources, Semarnat (Secretaria de Medio Ambiente y Recuersos Naturales) to carry out its planned 5,000-meter drill program in the northern portion of the La Bufa Property. The Company contracted Perforaciones Corebeil SA de CV of Mazatlan to conduct the core drilling program which commenced on July 14, 2011 and was completed on November 29, 2011. Drilling began with hole LB-13 and was completed with hole LB-32 for a total of 5,091.80 m with an average hole depth of 254.6 m. All holes were drilled at angles ranging from -45° to -75°. Hole depths ranged from 151.50 to 787.50 m. Core recovery was excellent. All assays have been received. Drill hole intercepts reported here are apparent and do not represent true thicknesses.



(in Canadian dollars, unless otherwise stated)

Summary of Anomalous Gold and Silver in La Bufa Core Holes

(NA=Not Applicable)

Hole No.	Target Area	TD (m)	Angle	No. Quartz Zones	Best Gold (gpt)	Best Silver (gpt)	From (m)	To (m)	Intercept (m) (not true thickness)
LB-13	1	232.00	-65	4	1.28	4.4	23.73	25.33	1.60
LB-14	1	226.50	-45	2	0.355	3.0	3.0	7.50	4.50
LB-15	1	151.50	-65	0	NA	NA	NA	NA	NA
LB-16	1	181.00	-60	1	NA	NA	NA	NA	NA
LB-17	1	231.50	-45	5	0.216	0.8	184.50	187.50	3.00
					0.652	1.8	214.40	215.40	1.00
LB-18	1	220.50	-45	2	0.064	1.5	170.55	171.80	1.25
LB-19	1	247.50	-45	5	NA	NA	NA	NA	NA
LB-20	1	255.00	-65	2	0.239	1.5	24.00	26.00	2.00
LB-21	1	258.00	-70	5	1.66	10.2	57.60	58.50	0.90
LB-22	2	247.50	-75	4	0.293	6.4	162.00	163.50	1.50
					4.38	11.6	179.50	181.00	1.50
					0.538	1.6	184.00	185.50	1.50
					1.16	6.6	220.70	222.00	1.30
					0.144	2.4	223.50	225.10	1.60
LB-23	2	169.20	-75	4	0.341	8.5	49.50	50.20	0.70
					0.481	249	116.50	118.00	1.50
LB-24	2	231.00	-60	6	0.038	19.5	6.00	7.50	1.00
					0.016	28.7	194.50	200.50	6.00
LB-25	2	225.00	-60	5	0.122	5.4	198.50	199.50	1.00
LB-26	2	256.50	-45	9	0.110	4.1	18.00	19.50	1.50
					0.712	3.1	73.50	75.00	1.50
LB-27	2	248.40	-80	6	0.106	4.1	124.50	126.00	1.50
					0.151	1.3	187.50	189.00	1.50
					0.388	11.8	244.50	245.70	1.20
LB-28	Other	189.40	-70	7	0.437	11.4	18.00	19.50	1.50
					0.122	21.6	27.00	29.70	2.70
					0.355	6.7	36.00	37.50	1.50
					0.146	0.5	151.50	153.00	1.50
LB-29	2	307.5	-75	10	0.580	28.5	42.00	43.50	1.50
					0.119	4.9	58.00	58.50	0.50
					0.127	0.2	148.50	150.00	1.50
					1.355	4.5	157.50	159.00	1.50
					0.119	2.8	190.50	192.00	1.50
					0.136	0.3	205.50	207.00	1.50
LB-30	Other	163.50	-50	3	NA	NA	NA	NA	NA
LB-31	Other	262.30	-65	7	0.728	0.9	67.50	69.00	1.50
					0.208	1.3	160.50	162.00	1.50
					0.238	8.2	237.00	238.50	1.50
LB-32	Deep Target	787.50	-65	0	NA	NA	NA	NA	NA
20 holes		**5,091.30**		**87**					

Anomalous gold-silver mineralization is widespread and was encountered by the drilling program in multiple stockwork, breccia, and vein zones. Two to six quartz-bearing zones are present in most drill holes. Stockwork zones are prevalent and are commonly 9 to 20+ m in apparent thickness. The thickest stockwork intercept is 55 m (not true thickness). Most gold assays range from no detection to continuous down-hole strings of 0.0X and 0.X gpt gold. The best gold intercept is in hole LB-22 which hit 4.38 gpt gold attended by 11.6 gpt silver from 179.5 to 181.0 m (1.5 m; not true thickness) hosted in Tertiary andesite with quartz veinlets. Silver values are commonly in continuous down-hole strings of less than 1 gpt punctuated with higher values running 1 to 4+ gpt. The best silver intercept is in hole LB-23 which hit 249 gpt silver attended by 0.481 gpt gold from 116.5 to 118.0 m (1.5 m; not true thickness) hosted in Terrtiary andesite with quartz veinlets. Base metals (Cu, Pb, Zn) are commonly associated with ore-grade gold-silver mineralization within the district. The lack of significant base metals in the drill assays suggests that ore-grade gold-silver mineralization maybe deeper in the system. Follow-up drilling is warranted.

Lincoln Mining and Elgin Mining Inc. Exploration Financing Agreement (Oro Cruz & La Bufa)

On June 30, 2011, the Company announced that it had entered into an option agreement (the "Agreement") granting Elgin Mining Inc. ("Elgin") the exclusive right and option to acquire up to a 60% undivided interest in each of Lincoln's Oro Cruz and La Bufa properties by funding expenditures totaling $10,000,000 over a maximum four year period.

Pursuant to the Agreement, Elgin shall as a binding commitment (the "Initial Exploration Commitment") fund an initial aggregate amount of $4,000,000 in exploration expenditures on the Properties ($3,000,000 on Oro Cruz and $1,000,000 on La Bufa) over a period of up to two years from the date of the Agreement prior to earning any interest in the Properties. On the date that the Initial Exploration Commitment has been satisfied (the "Option Acquisition Date"), Elgin will have acquired the exclusive right and option to earn up to a 60% interest in each Property on the basis of a 20% interest earned in a Property for each $1,000,000 in additional expenditures funded on the Property over a two year period following the Option Acquisition Date. If within two years of the Option Acquisition Date, Elgin fails to fund at least $1,000,000 in respect of a Property, Elgin shall acquire no interest in that Property. The parties have agreed to negotiate and enter into a formal option and joint venture agreement, based on the terms of the Agreement, following the Option Acquisition Date. Lincoln will continue to be the operator of the Properties until such time as Elgin has earned a greater than 50% interest in a Property, at which time Elgin will be entitled to be the operator of such Property.

The Company received $1,380,500 in 2011 from Elgin pursuant to this agreement and incurred exploration and capital expenses of $1,412,080 for the year ended December 31, 2011. Operational and funding delays have necessitated a review of the agreement, which process is currently underway.

In September 2012, The Company announced that the letter agreement with Elgin Mining Inc. has been terminated by Lincoln as certain obligations under the agreement have not been fulfilled by Elgin. Elgin has disputed the validity of Lincoln's termination of the Agreement and the parties proceeded to arbitration under the terms of the Agreement to address and resolve the dispute. The Agreement required Elgin to fund certain exploration expenditures on the Oro Cruz and La Bufa properties by making payments on certain dates, so as to earn by June 30, 2013 the right to an option entitling Elgin to acquire an interest in the properties. Work on both the Oro Cruz and La Bufa properties has been delayed as a result of the dispute and arbitration process.

In June 2013, Elgin Mining Inc. ("Elgin"), and the Company (together, the "Parties") have signed a full and final Settlement Agreement (the "Settlement"). Under the Settlement, the Parties have decided to terminate the Agreement in relation to the La Bufa and Oro Cruz properties for the following consideration:

- Lincoln paid $350,000 cash to Elgin upon execution of Elgin's quitclaim deed in relation to the Oro Cruz property, at which time control of the Oro Cruz property reverted to Lincoln; and
- Lincoln shall take all commercially reasonable steps to market and sell the La Bufa property; the net proceeds of such sale (after allowable expenses) to be split equally between the Parties.

No work was conducted at La Bufa during Q4 2013.

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 has an authorized share capital of an unlimited number of common shares, of which 158,860,203 were issued and outstanding as at the date of this report.

The Company has outstanding a total of 4,425,000 options with exercise prices from $0.19 to $0.29.

(in Canadian dollars, unless otherwise stated)

5. Related Party Transactions

Transactions with directors and management

During the years ended December 31, 2013 and December 31, 2012, the Company paid or accrued director fees of $50,260 (2012 - $55,896) to the Company's directors, management fees of $108,515 (2012 - $108,000) to a company owned by the President of the Company, exploration fees of $118,754 (2012 – $106,766) to the Vice President of Exploration of the Company, exploration fees of $143,085 (2012 – $130,324) to the Vice President of Operations and consulting fees of $Nil (2012 - $88,000) to the former Chief Financial Officer of the Company.

As at December 31, 2013, the Company owed $175,349 (2012 - $40,270) to various directors for the services rendered, which is included in accounts payable.

Loans from directors

During 2013 the amount of $980,000 (2012: $98,000) was loaned by the directors of the company to support the Company's working capital. The amount of $Nil (2012: $76,500) was repaid by the end December 31, 2013.

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 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.

Capital raise transactions

In February 2012, a director of the Company purchased 200,000 Units as part of a private placement.

In October 2012, the Company issued a total of 3,176,000 shares to directors of the Company as part of the private placement.

In November 2012, the Company issued a total of 10,000,000 shares to a company related by common directors.

6. Liquidity and Solvency

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

	December 31, 2013	December 31, 2012
	$	$
Cash	43,958	2,202,131
Working capital (deficiency)	(3,279,296)	511,491
Long-term debt	2,224,272	2,153,660

	Year ended December 31, 2013	Year ended December 31, 2012
	$	$
Cash used in operating activities	(2,486,753)	(2,546,637)
Cash used in investing activities	(56,480)	(746,238)
Cash provided by financing activities	385,060	5,447,029
Change in cash	(2,158,173)	2,154,154

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.

Year ended December 31, 2013:

In June 2013, the Company received a $650,000 unsecured demand loan from Prairie Enterprises (Alberta) Inc. ("Prairie Enterprises") to fund the Company's current working capital requirements. Prairie Enterprises is owned and controlled by a director of the Company. The loan bears interest at 10% per annum, calculated and payable on the first day of each month.

The Company also received an additional $300,000 of demand loan from a former director of the Company to fund the Company's current working capital requirements. The loan bears interest at 10% per annum, calculated and payable on the first day of each month. Under the terms of the loan, the Company has granted a security interest in the Company's portion of the proceeds from any future sale of the La Bufa property to this director. The Company also received an advance of $30,000 with no specific terms of repayment from the same individual.

An advance of $25,000 from the president of the Company was reclassified from accounts payable during the year. The loan is unsecured and non-interest bearing with no specific terms of repayment.

During the year, the Company also repaid a portion of the liability relating to the Bell Mountain acquisition. The outstanding principle balance of this liability will be settled when the funds become available to the Company.

There were no shares issued during the year.

Year ended December 31, 2012:

In November 2012, the Company issued a convertible debenture ("Debenture") to a related party in an aggregate principal amount of $2,300,000, which is due payable on November 22, 2015. The Debenture is convertible at any time, in whole or in part at the election of the holder, into up to 23,000,000 common shares of the Company on the basis of the one common share for each $0.10 of principal. The Debenture bears interest at the rate of 6% per annum, calculated payable monthly, on the outstanding principal amount. The Debenture is secured by a general security agreement granted by the Company.

In November 2012, the Company issued a total of 32,000,000 shares at a price of $0.05 per share for total proceeds of $1,600,000.

In October 2012, the Company issued a total of 5,376,000 shares at a price of $0.05 per share for total proceeds of $268,800.

In September 2012, the Company issued a total of 24,000,000 shares at a price of $0.05 per share for total proceeds of $1,200,000.

No warrants or finder's fees were issued in connection with the above mentioned private placements.

In August 2012, the Company issued 100,000 shares at a value of $24,500 towards a commitment to issue shares with respect to the Pine Grove property.

In February 2012, the Company issued a total of 4,774,000 units at a price of $0.075 per unit for total proceeds of $358,050. Each Unit is comprised of one common share of the Company and one- half of one non-transferable common share purchase warrant. Each whole purchase warrant entitles the holder to acquire one additional common share of the Company at a price of $0.10 per share until February 17, 2013. As compensation, the Company issued a total of 394,440 Finder's Warrants which entitles the holder to acquire one common share of the Company at a price of $0.075 per share until February 17, 2013.

(in Canadian dollars, unless otherwise stated)

7. Commitments

In addition to commitments disclosed in the current document, pursuant to a premises lease, the Company's minimum annual commitments as at December 31, 2013 are as follows:

Year ended December 31, 2014	$ 79,667
Year ended December 31, 2015	$ 13,395

8. Capital Resources

The Company's capital resources as at December 31, 2013 included cash. The Company's primary sources of funding are equity financing through the issuance of stock, 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 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 IRFS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and expenses for the period.

New and amended standards adopted by the Company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2013 that would be expected to have a material impact on the Company.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2014, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Company, except the following set out below:

- The IASB has issued IFRS 9 - Financial Instruments ("IFRS 9") which intends to replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39") in its entirety with three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments. The IASB tentatively decided to defer the mandatory effective date until January 1, 2018 with earlier adoption still permitted. The Company will evaluate the impact the final standard will have on its consolidated financial statements based on the characteristics of its financial instruments at the time of adoption.
- In May 2013, the IASB issued IFRIC 21 - Levies ("IFRIC 21"), an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past activity or event ("obligating event") described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The Company is currently evaluating the impact of the adoption of this interpretation on its consolidated financial statements.
- In May 2013, the IASB issued amendments to IAS 36 - Impairment of Assets ("amendments to IAS 36"). The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal. The amendments are effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

12. 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:

Recoverability of mineral property interests

Management has determined that mineral property costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

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)

13. Financial Instruments

Categories of financial instruments

	December 31, 2013	December 31, 2012
	$	$
Financial assets *		
Loans and receivable		
Cash	43,958	2,202,131
	43,958	2,202,131
Financial liabilities		
Current		
Amortized at cost		
Accounts payable and accrued liabilities	1,091,064	264,770
Loans from directors	1,087,409	43,784
Debt and borrowings	1,171,846	1,649,108
Non-current		
Amortized at cost		
Convertible debenture	2,155,138	2,089,719
	5,505,457	4,047,381

* 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, accounts payable, and promissory note approximated their fair value because of the relatively short-term nature of these instruments. The fair value of the convertible debt approximates its carrying value as there have not been significant changes in market interest rates since the inception of the loan.

Foreign exchange risk

The Company's operations in the United States and Mexico 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 dollar, as well as the Canadian dollar and Mexican peso. The Company does not believe it is exposed to significant foreign exchange risk with respect to the Mexican peso. As at December 31, 2013, the Company had a net monetary liability position of US$653,000. A 10% fluctuation in the foreign exchange rate between the Canadian and US dollar will result in a foreign exchange gain/loss of $70,000. The Company does not enter into derivative financial instruments to mitigate foreign exchange risk.

Credit risk

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

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

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.

14. Risks and Uncertainties

The Company's principal activity is mineral exploration and development. 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 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. 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.

15. 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 the commodity, which is 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 and silver, has been upward on the spot basis as well as the average trailing prices of the metals. Lincoln management believes that gold and silver prices will continue their general upward trend and that the prices will remain strong during 2014. The other aspect is the general stock market conditions. Unfortunately, the junior mining sector has been under tremendous negative pressure in the market and this condition is expected to continue. Lincoln is committed to advance its properties to production as quickly as possible to get into a cash flow position.

16. Outlook

The outlook for precious metals appears to be upward. Lincoln's advanced-stage properties, Pine Grove, Bell Mountain and Oro Cruz, will require significant investment as they transition into development stage projects. Staff and contractor requirements are expected to increase as Lincoln fast-tracks these properties to production. Because of the Procon/Camce investment into the Company, Lincoln should be able to continue as a viable entity. Lincoln management believes that the Company is on its way to becoming 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.