



**LINCOLN GOLD MINING INC.**  
(Formerly - Lincoln Mining Corporation)

**UNAUDITED CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS**

**for the six months ended June 30, 2020**

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## Notice to Reader

Management has prepared the unaudited condensed interim consolidated financial statements for Lincoln Gold Mining Inc. (formerly – Lincoln Mining Corporation) (the “**Company**”) in accordance with National Instrument 51-102 released by the Canadian Securities Administration. The Company discloses that its auditors have not reviewed the unaudited consolidated interim financial statements for the six-month period ended June 30, 2020.

**LINCOLN GOLD MINING INC. (formerly – Lincoln Mining Corporation)**  
**Condensed Interim Consolidated Statements of Financial Position**

(Unaudited)

As at June 30, 2020 and December 31, 2019

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

	Notes	June 30, 2020 \$	December 31, 2019 \$
<b>Assets</b>			
Current assets			
Cash		62,432	56,244
Receivables	11	18,833	28,915
Prepaid expenses		6,992	29,476
		88,257	114,635
Non-current assets			
Right-of-use asset	4	62,931	88,103
Deposits		14,158	14,068
Mineral properties	5	236,000	156,000
		313,089	258,171
<b>Total assets</b>		<b>401,346</b>	<b>372,806</b>
<b>Liabilities and shareholders' deficiency</b>			
Current liabilities			
Accounts payable and accrued liabilities	6	357,628	1,234,038
Due to related parties	11	361,067	514,195
Lease liability	8	59,737	59,056
Loans payable	9	20,709	59,795
Promissory notes	10	607,827	1,064,987
		1,406,968	2,932,071
Non-current liabilities			
Accounts payable and accrued liabilities	6	360,782	-
Due to related parties	11	759,053	-
Lease liability	8	10,247	36,049
Loans payable	9	40,000	-
Provision for environmental rehabilitation	7	88,582	84,422
		1,258,664	120,471
<b>Total liabilities</b>		<b>2,665,632</b>	<b>3,052,542</b>
<b>Shareholders' deficiency</b>			
Share capital	12	24,540,791	24,163,791
Share subscriptions received in advance	12	104,500	-
Capital reserves	12	2,941,994	2,908,994
Deficit		(29,851,571)	(29,752,521)
<b>Total shareholders' deficiency</b>		<b>(2,264,286)</b>	<b>(2,679,736)</b>
<b>Total liabilities and shareholders' deficiency</b>		<b>401,346</b>	<b>372,806</b>

Nature of operations (Note 1)

Subsequent events (Note 16)

Approved and authorized by the Board on August 27, 2020.

<u>"Paul Saxton"</u>	Director	<u>"Andrew Milligan"</u>	Director
Paul Saxton		Andrew Milligan	

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

**LINCOLN GOLD MINING INC. (formerly – Lincoln Mining Corporation)**  
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

(Unaudited)

For the three and six months ended June 30, 2020 and 2019

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

	Notes	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
<b>Exploration expenses</b>	5, 11	\$ 184,374	\$ 103,462	\$ 197,624	\$ 129,548
<b>Administrative expenses</b>					
Consulting and management fees	11	45,750	32,600	86,440	64,040
Depreciation	4	12,586	12,164	25,172	24,079
Foreign exchange loss (gain)		(145,653)	23,559	77,691	(18,958)
Investor relations and shareholder services		23,729	14,247	34,401	23,656
Office maintenance		35,236	(5,820)	63,621	7,973
Professional fees	11	23,598	30,795	61,112	50,795
Travel		2,088	2,893	5,042	3,328
		<b>(2,666)</b>	<b>110,438</b>	<b>353,479</b>	<b>154,913</b>
<b>Finance expenses (income)</b>					
Interest expense		27,088	-	43,447	22,328
Gain on settlement of debts	12	(495,000)	-	(495,000)	-
Write-off of accounts payable		(500)	-	(500)	(12,532)
		<b>(468,412)</b>	<b>-</b>	<b>(452,053)</b>	<b>9,796</b>
<b>Income (Loss) and comprehensive income (loss) for the period</b>		<b>\$ 286,704</b>	<b>\$ (213,900)</b>	<b>\$ (99,050)</b>	<b>\$ (294,257)</b>
<b>Basic and diluted earnings (loss) per common share</b>		<b>\$ 0.01</b>	<b>\$ (0.03)</b>	<b>\$ (0.01)</b>	<b>\$ (0.04)</b>
<b>Weighted average number of common shares outstanding</b>		<b>20,521,739</b>	<b>7,519,718</b>	<b>18,359,101</b>	<b>7,519,718</b>

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

**LINCOLN GOLD MINING INC. (formerly – Lincoln Mining Corporation)**  
**Condensed Interim Consolidated Statements of Cash Flows**

(Unaudited)

For the six months ended June 30, 2020 and 2019

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

	<b>2020</b>	<b>2019</b>
	\$	\$
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
<b>Loss for the period</b>	<b>(99,050)</b>	<b>(294,257)</b>
Items not affecting cash:		
Accrued interest expense	30,862	22,328
Depreciation	25,172	24,079
Gain on settlement of debts	(495,000)	-
Unrealized foreign exchange	24,345	(19,264)
Write-off of accounts payable	(500)	(12,532)
Changes in non-cash working capital items:		
Increase (decrease) in accounts payable and accrued liabilities	247,797	(112,620)
Decrease in prepaid expenses and deposits	22,394	12,905
Decrease (increase) in receivables	10,082	(19,911)
<b>Net cash used in operating activities</b>	<b>(233,898)</b>	<b>(399,272)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of mineral properties	-	(63,089)
Recoveries of mineral properties	-	132,260
Exploration funding	-	143,665
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>212,836</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Shares issued for cash	165,000	-
Share subscriptions received in advance	104,500	-
Promissory notes issued for cash	-	213,595
Loans paid	(56)	(5,837)
Payment for lease liability	(29,358)	(28,677)
<b>Net cash provided by financing activities</b>	<b>240,086</b>	<b>179,081</b>
<b>Net change in cash for the period</b>	<b>6,188</b>	<b>(7,355)</b>
<b>Cash, beginning of the period</b>	<b>56,244</b>	<b>70,102</b>
<b>Cash, end of the period</b>	<b>62,432</b>	<b>62,747</b>

Supplemental cash flow information (Note 14)

**LINCOLN GOLD MINING INC. (Formerly – Lincoln Mining Corporation)**  
**Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency**

(Unaudited)

For the six months ended June 30, 2020 and 2019

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

	Number of shares	Share capital \$	Capital reserves \$	Share subscriptions received in advance \$	Deficit \$	Total \$
<b>Balance at December 31, 2018</b>	<b>7,519,719</b>	<b>23,399,098</b>	<b>2,877,687</b>	-	<b>(29,045,210)</b>	<b>(2,768,425)</b>
Loss for the period	-	-	-	-	(294,257)	(294,257)
<b>Balance at June 30, 2019</b>	<b>7,519,719</b>	<b>23,399,098</b>	<b>2,877,687</b>	-	<b>(29,339,467)</b>	<b>(3,062,682)</b>
<b>Balance at December 31, 2019</b>	<b>15,664,596</b>	<b>24,163,791</b>	<b>2,908,994</b>	-	<b>(29,752,521)</b>	<b>(2,679,736)</b>
Private placement	2,200,000	132,000	33,000	-	-	165,000
Shares issued for debt	2,200,000	165,000	-	-	-	165,000
Shares issued for mineral interests	800,000	80,000	-	-	-	80,000
Subscriptions received in advance	-	-	-	104,500	-	104,500
Loss for the period	-	-	-	-	(99,050)	(99,050)
<b>Balance at June 30, 2020</b>	<b>20,864,596</b>	<b>24,540,791</b>	<b>2,941,994</b>	<b>104,500</b>	<b>(29,851,571)</b>	<b>(2,264,286)</b>

On September 24, 2019, the Company consolidated its common shares on the basis of ten pre-consolidated common shares for one post-consolidated common share. The number of common shares outstanding has been retroactively adjusted in these financial statements to reflect the share consolidation. Simultaneously with the share consolidation, the Company also completed a name change to Lincoln Gold Mining Inc. from Lincoln Mining Corporation.

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

# **LINCOLN GOLD MINING INC. (Formerly – Lincoln Mining Corporation)**

## **Notes to the Condensed Interim Consolidated Financial Statements**

(Unaudited)

For the six months ended June 30, 2020 and 2019

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

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### **1 Nature of operations**

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

The condensed interim consolidated financial statements of the Company for the six months period ended June 30, 2020 comprise of the Company and its subsidiaries (Note 2(b)). These condensed interim consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated. The Company is listed on the TSX Venture Exchange (“TSX-V: LMG”) and the Frankfurt Stock Exchange (“ZMG”).

### **2 Basis of Presentation**

#### **(a) Basis of preparation**

The condensed interim consolidated financial statements for the six months ended June 30, 2020 have been prepared in accordance with IAS 34 – Interim Financial Reporting of 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 condensed interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company’s annual consolidated financial statements as at and for the year ended December 31, 2019.

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

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on August 27, 2020.

#### ***Going concern assumption***

These unaudited condensed interim 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 and the Company has incurred ongoing losses since inception. Further, the Company has a working capital deficiency of \$1,318,711 (December 31, 2019 - \$2,817,436) and total liabilities of \$2,665,632 (December 31, 2019 - \$3,052,542). The future success of the Company is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon establishing future profitable production, or realization of proceeds on disposal.

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

In March 2020 the World Health Organization declared the coronavirus a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

## LINCOLN GOLD MINING INC. (Formerly – Lincoln Mining Corporation)

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the six months ended June 30, 2020 and 2019

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

## 2 Basis of Presentation (Cont'd)

### New and amended standards adopted by the Company

#### IFRS 16 – Leases

The Company adopted IFRS 16 effective on January 1, 2019 using the modified retrospective approach. In accordance with the transition provisions in IFRS 16, the new rules have been adopted retrospectively with the cumulative effect of initially applying the new standard recognized on January 1, 2019. The comparatives for the 2018 reporting period have not been restated and are accounted for under IAS 17 – Leases, and IFRIC 4 – Determining Whether an Arrangement Contains a Lease, as permitted under the specific transitional provisions in the standard. The transitional adjustments arising from the adoption are recognized in the opening deficit on January 1, 2019. Upon adoption of IFRS 16, the Company recognized lease liabilities in relation to a lease for office space which had previously been classified as “operating lease” under the principles of IAS 17 – Leases under which these lease payments were recorded as expenses as they were incurred. Under IFRS 16, these liabilities were measured at the present value of the remaining lease payments as at January 1, 2019, discounted using the Company’s incremental borrowing rate. The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 10%. An associated right-of-use asset for the lease was measured at the amount equal to the lease liability on January 1, 2019.

As at January 1, 2019, the Company recognized \$138,448 in right-of-use assets and lease liabilities as summarized below:

	\$
Minimum lease payments under operating leases as of December 31, 2018	159,312
Effect from discounting at the incremental borrowing rate as of January 1, 2019	(20,864)
Lease liabilities recognized as of January 1, 2019	138,448
Right-of-use assets recognized as of January 1, 2019	138,448

As a result of the adoption of IFRS 16, the Company has amended its accounting policy for leases, from that disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2018.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of economic benefits from use of the asset during the term of the arrangement and if the Company has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any commissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in our estimated or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit on a straight-line basis over the lease term.

## LINCOLN GOLD MINING INC. (Formerly – Lincoln Mining Corporation)

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the six months ended June 30, 2020 and 2019

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

## 2 Basis of Presentation (Cont'd)

### (b) Consolidation

#### Subsidiaries

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

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

The consolidated financial statements include the financial statements of Lincoln Gold Mining Inc. (Formerly – Lincoln Mining Corporation), the parent company and the subsidiaries listed below:

	Country of Incorporation	Economic interests	Principal activity
Lincoln Gold Mining Inc. (formerly – Lincoln Mining 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) Comparative figures

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

## 3 Critical accounting estimates and judgements

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

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

#### Income taxes

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

## LINCOLN GOLD MINING INC. (Formerly – Lincoln Mining Corporation)

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the six months ended June 30, 2020 and 2019

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

### 3 Critical accounting estimates and judgements (Cont'd)

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

#### Company's title on mineral property interests

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

### 4 Right-of-use asset

The following table summarizes the Company's right-of-use asset:

Balance at January 1, 2019 (Note 2)	\$ 138,448
Depreciation	(50,345)
Balance at December 31, 2019	88,103
Depreciation	(25,172)
<b>Balance at June 30, 2020</b>	<b>62,931</b>

### 5 Mineral properties

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

	United States		Total
	Pine Grove	Oro Cruz	
	\$	\$	\$
Balance at December 31, 2018	-	69,171	69,171
Additions	156,000	63,089	219,089
Recoveries	-	(132,260)	(132,260)
Balance at December 31, 2019	156,000	-	156,000
Additions	80,000	-	80,000
<b>Balance at June 30, 2020</b>	<b>236,000</b>	<b>-</b>	<b>236,000</b>

Exploration expenditures (recoveries) incurred during the six months ended June 30, 2020:

	United States		Total
	Pine Grove	Oro Cruz	
	\$	\$	\$
Contractors	92,992	36,876	129,868
General administration	12,451	58	12,509
Land maintenance	1,343	8,738	10,081
Legal	1,766	-	1,766
Permitting environment	158,181	43,452	201,633
Property evaluation	(42,318)	-	(42,318)
Option payment received	-	(34,128)	(34,128)
Recovery from a joint venture partner	-	(81,787)	(81,787)
<b>Total mineral property expenditures</b>	<b>224,415</b>	<b>(26,791)</b>	<b>197,624</b>

## LINCOLN GOLD MINING INC. (Formerly – Lincoln Mining Corporation)

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the six months ended June 30, 2020 and 2019

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

#### 5 Mineral properties (Cont'd)

Exploration expenditures (recoveries) incurred during the six months ended June 30, 2019:

	United States		Total
	Pine Grove	Oro Cruz	
	\$	\$	\$
Contractors	56,537	78,792	135,329
General administration	14,479	1,343	15,822
Geochemistry	-	950	950
Land maintenance	-	57,114	57,114
Permitting environment	27,484	-	27,484
Property evaluation	(10,002)	2,741	(7,261)
Travel and accommodation	-	7,178	7,178
Recovery from a joint venture partner	(33,607)	(73,461)	(107,068)
<b>Total mineral property expenditures</b>	<b>54,891</b>	<b>74,657</b>	<b>129,548</b>

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

#### United States

##### (a) Pine Grove Property, Nevada

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

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

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

The following non-refundable advance NSR payments must be made by the Company:

- US\$10,000 upon signing the agreement (paid); and
- US\$30,000 prior to each one-year anniversary of the lease (Years 1-6 paid by the Company; Years 7-12 paid by Goldcliff Resource Corporation (“Goldcliff”) a company with a common director).

- (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.

## LINCOLN GOLD MINING INC. (Formerly – Lincoln Mining Corporation)

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the six months ended June 30, 2020 and 2019

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

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#### 5 Mineral properties (Cont'd)

##### (a) Pine Grove Property, Nevada (Cont'd)

- (iii) In August 2010, the Company and its wholly owned subsidiary Lincoln Gold US Corp (“Lincoln US”) entered into a purchase agreement for Lincoln US to acquire unpatented mining claims and associated water rights (collectively known as the “Cavanaugh property”) situated at the Company’s Pine Grove project in Lyon County, Nevada. In consideration for the sale of the Cavanaugh property, the vendors have received a total of US\$650,000 and 4,000 common shares of the Company as follows:

- On closing	US\$250,000 and 1,500 shares (paid)
- August 23, 2011	US\$150,000 and 1,500 shares (paid)
- August 23, 2012	US\$150,000 and 1,000 shares (paid)
- August 23, 2013	US\$100,000 (paid)

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

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

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

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

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

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

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

## **LINCOLN GOLD MINING INC. (Formerly – Lincoln Mining Corporation)**

### **Notes to the Condensed Interim Consolidated Financial Statements**

(Unaudited)

For the six months ended June 30, 2020 and 2019

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

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#### **5 Mineral properties (Cont'd)**

##### **(a) Pine Grove Property, Nevada (Cont'd)**

- (v) On October 8, 2019, the Company and Goldcliff Canada entered into a Purchase Option Letter agreement to reacquire from Goldcliff Canada and its affiliates their interest in the Pine Grove Gold project for the consideration of USD \$200,000 cash and 2,750,000 common shares of the Company as follows:

Cash, USD \$200,000 to be paid as follows:

- Cash of US\$50,000 to be paid upon completion of the next financing of the Company (not paid);
- Cash of US\$50,000 to be paid on or before March 31, 2020 (not paid);
- Cash of US\$50,000 to be paid on or before June 30, 2020; and
- Cash of US\$50,000 to be paid on or before December 31, 2020.

Shares, 2,750,000 shares to be issued as follows:

- Shares, 1,200,000 shares issued following the closing of the first financing (issued with a fair value of \$156,000);
- Shares, 800,000 shares to be issued on December 31, 2019 (issued with a fair value of \$80,000); and
- Shares, 750,000 shares to be issued on March 31, 2020.

There is a “cutback” provision, provided that the Company shall not be required to issue shares to Goldcliff to the extent that such issuance would result in Goldcliff holding 10% or more of the outstanding shares of the Company, to the extent that the cutback reduces the number of shares above, the Company shall issue the shares that were subject to the cutback as soon as practicable after Goldcliff advises the Company that the issuance of such shares will not result in Goldcliff holding 10% or more of the outstanding shares of the Company.

##### **(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.

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

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

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

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For the six months ended June 30, 2020 and 2019

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

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## 5 Mineral properties (Cont'd)

### (b) Oro Cruz Property, California (Cont'd)

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

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

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

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

On February 28, 2019, the Company granted to Demerara Gold Corp. ("Demerara") and Bell Mountain Exploration Corp. ("Bell Mountain") the right to enter into a formal Option and Joint Venture Agreement for the exploration of the Oro Cruz property. To earn a 75% interest, Demerara and Bell Mountain will have to spend approximately USD\$2.1 million in property payments, exploration and development over the next five years. With the signing of the formal agreement below, these advances are no longer payable, will be acknowledged as applied towards exploration expenditures and have been recorded as a recovery.

On October 1, 2019, the Company entered into a formal Option and Joint Venture Agreement with Demerara and Bell Mountain, collectively the "Optionee", granting the optionee an option to purchase up to an undivided 75% interest in the Oro Cruz Property. (See "Owl" below).

#### i) **First Option** – 51% interest in the Oro Cruz Property

The Company grants the Optionee the right to acquire a 51% interest in the Oro Cruz Property by paying US\$110,000 cash, funding the payments made to maintain the ADGIS Agreement in good standing, and incurring US\$1,000,000 in exploration expenditures as follows:

Cash of US\$110,000 as follows:

- Cash of US\$10,000 paid to the Company – paid March 6, 2019;
- Cash of US\$25,000 to be paid to the Company on or before February 15, 2020 (received);
- Cash of US\$25,000 to be paid to the Company on or before February 15, 2021;
- Cash of US\$25,000 to be paid to the Company on or before February 15, 2022;
- Cash of US\$25,000 to be paid to the Company on or before February 15, 2023.

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## 5 Mineral properties (Cont'd)

### (b) Oro Cruz Property, California (Cont'd)

Cash payments to ADGIS

- Cash of US\$50,000 paid to ADGIS – paid May 15, 2019;
- Cash of US\$50,000 to be paid to ADGIS on or before April 15, 2020 (paid);
- Cash of US\$100,000 to be paid to ADGIS on or before April 15, 2021;
- Cash of US\$100,000 to be paid to ADGIS on or before April 15, 2022;
- Cash of US\$100,000 to be paid to ADGIS on or before April 15, 2023.

Exploration expenditures of US\$1,000,000 as follows:

- Exploration of US\$200,000 acknowledged as incurred to October 1, 2019 (incurred);
- Exploration of US\$400,000 cumulative to be incurred before October 1, 2020;
- Exploration of US\$700,000 cumulative to be incurred before October 1, 2021;
- Exploration of US\$1,000,000 cumulative to be incurred before October 1, 2022.

#### ii) **Second Option** – 75% interest in the Oro Cruz Property (It is 51% plus an additional 24%)

The Company grants the Optionee the right to acquire an additional 24% interest in the Oro Cruz Property by making cash payments, or incurring exploration expenditures in any combination thereof to a total of US\$600,000 on or before October 1, 2023.

On March 18, 2020, Owl Capital Corp. (“Owl”) closed its previously announced Qualifying Transaction with Eros Resources Corp. (“Eros”) and Demerara whereby Owl acquired Demerara and Eros and thereby acquired an exclusive option to acquire a 75% interest in the Oro Cruz Gold Project in California. Southern Empire Resources Corp. (formerly Owl Capital Corp.) was incorporated pursuant to the Business Corporations Act of British Columbia on September 27, 2017. As a result of closing the Qualifying Transaction, the company changed its name to Southern Empire Resources Corp. and was listed as a Tier 2 mining issuer on the TSX Venture Exchange under the symbol “SMP” and commenced trading on the TSX Venture Exchange on March 24, 2020.

On May 20, 2020, the Company entered into a sale and purchase agreement to assign a 25% interest in and to the ADGIS Agreement and an undivided 25% interest in and to the Oro Cruz Property (Notes 10 and 14) in full and final settlement of the total advances of \$440,000 from a former insider and two other companies controlled by such person.

## 6 Accounts payable and accrued liabilities

	June 30, 2020	December 31, 2019
	\$	\$
Accounts payable	708,410	1,214,038
Accrued liabilities	10,000	20,000
Closing balance	718,410	1,234,038
Current portion of accounts payable and accrued liabilities	(357,628)	(1,234,038)
<b>Long-term portion of accounts payable and accrued liabilities</b>	<b>360,782</b>	<b>-</b>

On February 25, 2020, the Company negotiated a debt reorganization with certain creditors to defer repayment of accounts payable and accrued liabilities in the total amount of \$351,649, consisting of US\$117,000 and €136,000, for a period of up to three years from the date of the debt settlement agreement with each respective party.

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#### 6 Accounts payable and accrued liabilities (Cont'd)

Repayment is due on the following terms:

First anniversary of debt settlement agreement	\$6,814 (US\$5,000)
Second anniversary of debt settlement agreement	\$28,619 (US\$21,000)
Third anniversary of debt settlement agreement	\$124,015 (US\$91,000)
	\$208,148 (€136,000)

#### 7 Provisions

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

The closing balance is summarized as follows:

	June 30, 2020	December 31, 2019
Beginning balance	\$ 84,422	\$ 88,673
Changes in exchange rates	4,160	(4,251)
<b>Closing balance</b>	<b>88,582</b>	<b>84,422</b>

During the six months ended June 30, 2020 and during the year ended December 31, 2019, the finance costs in relation to the accretion of the provision are negligible.

## LINCOLN GOLD MINING INC. (Formerly – Lincoln Mining Corporation)

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#### 8 Lease liability

	<b>Total</b>
	<b>\$</b>
Balance at January 1, 2019 (Note 2)	138,448
Interest expense	11,854
Lease payments	(55,197)
Balance at December 31, 2019	95,105
Interest expense	4,237
Lease payments	(29,358)
Balance at June 30, 2020	69,984
Current portion of lease liability	(59,737)
<b>Long-term portion of lease liability</b>	<b>10,247</b>

The Company's future lease commitment as at June 30, 2020 is as follows:

	\$
2020	59,737
2021	15,019
	<u>74,756</u>

#### 9 Loans payable

The following loans were provided by the President of the Company to support its working capital requirements.

	<b>Six months ended</b>	<b>Year ended</b>
	<b>June 30, 2020</b>	<b>December 31, 2019</b>
	<b>\$</b>	<b>\$</b>
Opening balance	59,795	74,336
Loans repaid during the period	(56)	(17,005)
Interest accrued during the period	970	2,464
Closing balance	60,709	59,795
Current portion of loans payable	(20,709)	(59,795)
<b>Long-term portion of loans payable</b>	<b>40,000</b>	<b>-</b>

During the six months ended June 30, 2020, the Company received \$Nil (2019 - \$Nil), and repaid \$56 (2019 - \$5,837), unsecured demand loan from the President of the Company. The remaining balance of the loan is unsecured, bearing interest at 5% per annum, calculated and payable on demand. The Company may repay the principal, in whole or in part, at any time without penalty. As at June 30, 2020, the loan payable balance to the President of the Company is \$60,709 (December 31, 2019 - \$59,795).

On February 25, 2020, the Company negotiated a debt reorganization with respect to this unsecured demand loan to defer repayment in the amount of \$60,000 for a period of up to three years from the date of the debt settlement agreement. Repayment of \$20,000 is due on the one year anniversary of the debt settlement agreement, \$10,000 is due on the second year anniversary of the debt settlement agreement and \$30,000 is due on the third anniversary of the debt settlement agreement.

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### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

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#### 10 Promissory notes

	Six months ended June 30, 2020	Year ended December 31, 2019
	\$	\$
Opening balance	1,064,987	825,529
Promissory notes provided during the period	-	213,595
Interest accrued during the period	25,655	46,013
Settlement of promissory notes	(503,000)	-
Foreign exchange	20,185	(20,150)
<b>Closing balance</b>	<b>607,827</b>	<b>1,064,987</b>

As of June 30, 2020, the Company has received advances of \$440,000 (December 31, 2019 - \$440,000) from a previous control person of the Company, and two other companies controlled by such person. The advances are unsecured, non-interest bearing and due on demand. On May 20, 2020, the Company entered into a sale and purchase agreement to assign a 25% interest in and to the ADGIS Agreement and an undivided 25% interest in and to the Oro Cruz Property (Notes 5 and 14) in full and final settlement of the total advances of \$440,000. The Company recognized a gain on settlement of debts of \$440,000 related to this sale and purchase agreement during the six months ended June 30, 2020.

During the year ended December 31, 2015, the Company received \$50,000 from an insider of the Company. The loan is unsecured and evidenced by promissory notes bearing interest at 6% per annum, calculated and payable on demand. The Company may prepay the principal, in whole or in part, at any time without penalty. On March 9, 2020, the Company issued 630,000 common shares for settlement of debt in the amount of \$63,000 consisting of principal balance of \$50,000 and interest of \$13,000 (Notes 12 and 14).

During the year ended December 31, 2015, the Company received US\$66,000 from a company that has an insider in common with Lincoln. During the year ended December 31, 2017, the existing promissory note was terminated and both parties subsequently entered into a new promissory note agreement consisting of the existing principal and interest in the aggregate amount of US\$71,000. The loan is secured by the Company's US properties and evidenced by a promissory note bearing interest at 9% per annum. Principal and accrued interest was payable upon termination of the note on September 15, 2017. On January 3, 2018, the Company issued 64,344 common shares for settlement of debt in the amount of \$32,172.

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

On August 24, 2018, September 11, 2018, October 23, 2018, January 23, 2019, March 29, 2019, and May 30, 2019, the Company received \$65,180 (US\$50,000), \$65,070 (US\$50,000), \$91,994 (US\$70,000), \$93,436 (US\$70,000), \$66,815 (US\$50,000) and \$53,344 (US\$40,000) from Dragon Hill Creation Limited, respectively, a company controlled by a director of the Company. The loans are unsecured and evidenced by promissory notes bearing interest at 10% per annum, calculated and payable on the termination date of the promissory notes being June 30, 2019. The Company may prepay the principal, in whole or in part, at any time without penalty.

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#### 11 Related party transactions

The following transactions were carried out with related parties:

##### **Key management personnel – services rendered and other compensation**

Key management includes offices and directors – executive and non-executive. The compensation paid or payable to key management personnel for the services rendered during the six months ended June 30, 2020 and 2019 were as follows:

	Six months ended June 30, 2020	Six months ended June 30, 2019
	\$	\$
Management fees	54,000	54,000
Corporate fees	15,000	-
Exploration expenses	74,118	83,517
Accounting fees	18,500	30,000
<b>Total</b>	<b>161,618</b>	<b>167,517</b>

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.

##### **Balance due to related parties**

	As at June 30, 2020	As at December 31, 2019
	\$	\$
Executive officers and their controlled companies	1,105,120	499,195
Directors	15,000	15,000
Total	1,120,120	514,195
Current portion of balance due to related parties	(361,067)	(514,195)
<b>Long-term portion of balance due to related parties</b>	<b>759,053</b>	<b>-</b>

On February 25, 2020, the Company negotiated a debt reorganization with certain related parties to defer repayment in the total amount of \$774,884, consisting of \$407,000 and US\$277,000, for a period of up to three years from the date of the debt settlement agreement with each respective party. Repayment is due on the following terms:

First anniversary of debt settlement agreement	\$5,000 payable to the former CFO \$20,442 (US\$15,000) payable to VP of Exploration
Second anniversary of debt settlement agreement	\$35,000 payable to the President \$5,000 payable to the former CFO \$57,238 (US\$42,000) payable to VP of Exploration
Third anniversary of debt settlement agreement	\$362,000 payable to the President \$299,815 (US\$220,000) payable to VP of Exploration

## LINCOLN GOLD MINING INC. (Formerly – Lincoln Mining Corporation)

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#### 11 Related party transactions (Cont'd)

##### **Balance due from related parties**

	As at June 30, 2020	As at December 31, 2019
	\$	\$
Companies with a director in common	2,587	2,625
Directors	-	1,799
<b>Total</b>	<b>2,587</b>	<b>4,424</b>

The balances due from related parties are included in receivables.

##### **Loans from related parties**

See Notes 9, 10 and 12 for further details.

##### **Other transactions with related parties**

During the six months ended June 30, 2020, the Company received \$8,527 (2019 - \$12,000) from Golden Band Resources Inc., a company with certain officers and directors in common and Goldcliff, for office rent.

Goldcliff is a private company controlled by the President of the Company – See Note 5.

On March 9, 2020, the Company issued 1,570,000 common shares to settle indebtedness to certain related parties of \$157,000 (Note 12).

#### 12 Share capital and reserves

##### **a) Authorized share capital**

As at June 30, 2020 and December 31, 2019, 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. As at June 30, 2020 there were 20,864,596 (December 31, 2019 - 15,664,596) fully paid common shares issued.

On September 24, 2019, the Company consolidated its common shares on the basis of ten pre-consolidated common shares for one post-consolidated common share. The number of common shares outstanding and per share amounts have been retroactively adjusted in these unaudited condensed interim consolidated financial statements to reflect the share consolidation. Simultaneously with the share consolidation, the Company also completed a name change to Lincoln Gold Mining Inc. from Lincoln Mining Corporation.

On April 17, 2020, the Company issued 800,000 shares at a value of \$80,000 to Goldcliff Canada, pursuant to the Pine Grove Property, Nevada mineral interest (Note 5).

On April 8, 2020, the Company closed a non-brokered private placement. The Company issued a total of 2,200,000 units at a price of \$0.075 per unit for total gross proceeds of \$165,000. Each unit is comprised of one common share of the Company and one-half common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.10 per share until April 8, 2022. An amount of \$33,000 was allocated to reserves in connection with the residual value of warrants issued.

On March 9, 2020, the Company completed a debt settlement agreement with various creditors of the Company with respect to outstanding debt (including principal and interest) totaling \$220,000. Of this amount, 1,570,000 common shares were issued to settle indebtedness to certain related parties of \$157,000 and 630,000 common shares were issued to settle promissory notes payable of \$63,000 (Notes 10, 11 and 14). The common shares issued resulted in a gain on settlement of debts of \$55,000.

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#### 12 Share capital and reserves (Cont'd)

On November 18, 2019, the Company issued 1,200,000 shares at a value of \$156,000 to Goldcliff Canada, pursuant to the Pine Grove Property, Nevada mineral interest (Note 5).

On October 30, 2019, the Company closed a non-brokered private placement. The Company issued a total of 6,400,000 units at a price of \$0.10 per unit for total gross proceeds of \$640,000. Each unit is comprised of one common share of the Company and one-half common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.14 per share until October 30, 2021. An amount of \$64,000 was allocated to reserves in connection with the residual value of warrants issued.

On July 10, 2019 the Company issued 544,877 fully-paid common shares pursuant to the exercise of 544,877 special warrants. On exercise, \$32,693 was allocated from capital reserves to share capital.

#### b) Capital reserves

	Capital reserve – options	Capital reserve – warrants	Capital reserve – convertible debenture	Total
	\$	\$	\$	\$
Balance as at December 31, 2018	1,227,184	1,435,117	215,386	2,877,687
Private placement	-	64,000	-	64,000
Exercise of special warrants	-	(32,693)	-	(32,693)
Balance as at December 31, 2019	1,227,184	1,466,424	215,386	2,908,994
Private placement	-	33,000	-	33,000
<b>Balance as at June 30, 2020</b>	<b>1,227,184</b>	<b>1,499,424</b>	<b>215,386</b>	<b>2,941,994</b>

#### c) Stock options

Stock option transactions for the six months ended June 30, 2020 and for the year ended December 31, 2019 are summarized as follows:

	Six months ended June 30, 2020		Year ended December 31, 2019	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
		\$		\$
Balance, beginning of period	-	-	180,900	1.50
Expired	-	-	(180,900)	1.50
Balance, end of period	-	-	-	-
Options exercisable, end of period	-	-	-	-

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## 12 Share capital and reserves (Cont'd)

### d) Warrants

As at June 30, 2020, the Company had share purchase warrants, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
3,200,000	\$0.14	October 30, 2021
1,100,000	\$0.10	April 8, 2022
3,328,590	\$0.80	April 26, 2022
<b>7,628,590</b>		

### e) Share subscriptions received in advance

As at June 30, 2020, the Company received \$104,500 in share subscriptions received in advance related to a private placement closed on August 13, 2020 (Note 16).

Warrants transactions for the six months ended June 30, 2020 and year ended December 31, 2019 are summarized as follows:

	Six months ended June 30, 2020		Year ended December 31, 2019	
	Number of Warrants	Weighted average exercise price	Number of Warrants	Weighted average exercise price
Balance, beginning of period	6,528,590	\$ 0.48	3,660,290	\$ 0.82
Issued	1,100,000	0.10	3,200,000	0.14
Expired	-	-	(331,700)	1.00
Balance, end of period	7,628,590	0.42	6,528,590	0.48

### f) Special warrants

As at June 30, 2020, the Company had special warrants, enabling the holders to acquire further non-assessable common shares as follows:

Number of Shares	Exercise Price	Expiry Date
1,055,123	\$Nil	June 9, 2027
<b>1,055,123</b>		

In June 2017, the Company completed a debt settlement agreement. As part of the debt settlement the Company issued 1,600,000 special warrants with a value of \$960,000. Each Special warrant may be exercised for one fully paid and non-assessable common share of the Company without payment of additional consideration for a period of 10 years from the date of issue. The Company is not obligated to issue any common shares from the exercise of the special warrants if immediately following the exercise of such special warrants, the creditors and their affiliates hold in aggregate more than 9% of the issued and outstanding common shares of the Company. In addition, the special warrants have no voting rights and no entitlement to dividends.

On July 10, 2019, 544,847 special warrants were exercised into 544,877 common shares leaving 1,055,123 special warrants outstanding at June 30, 2020.

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## 13 Financial instruments

### Capital risk management

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

### Categories of financial instruments

	June 30, 2020	December 31, 2019
	\$	\$
<b>Financial assets *</b>		
<i>Amortized at cost</i>		
Cash	62,432	56,244
Other receivables	15,186	4,456
	77,618	60,700
<b>Financial liabilities</b>		
<i>Amortized at cost</i>		
Accounts payable and accrued liabilities	718,410	1,234,038
Due to related parties	1,120,120	514,195
Lease liability	69,984	95,105
Loans payable	60,709	59,795
Promissory notes	607,827	1,064,987
	2,577,050	2,968,120

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

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

### Fair value

The carrying value of cash, other receivables, accounts payable and accrued liabilities, due to related parties, loans payable, and promissory notes are measured at amortized cost. The carrying value of lease liability approximated its fair value as it bears interest that approximates current market rates.

### Foreign exchange risk

The Company's operations in the United States expose the Company to foreign exchange risk. The Company is subject to currency risk due to the fluctuations of exchange rates between the Canadian and US dollars. The Company does not believe it is exposed to significant foreign exchange risk. A 10% fluctuation in the foreign exchange rate between the Canadian and US dollar will result in a foreign exchange gain/loss of approximately \$171,000. The Company does not enter into derivative financial instruments to mitigate foreign exchange risk.

### Credit risk

The Company is not exposed to material credit risk.

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### Notes to the Condensed Interim Consolidated Financial Statements

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### 13 Financial instruments (Cont'd)

#### **Interest rate risk**

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

#### **Liquidity risk**

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

#### **Price risk**

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

### 14 Supplemental cash flow information

	Six months ended June 30, 2020	Six months ended June 30, 2019
	\$	\$
Cash paid for interest	-	-
Cash paid for income taxes	-	-

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On May 20, 2020, the Company entered into a sale and purchase agreement to assign a 25% interest in and to the ADGIS Agreement and an undivided 25% interest in and to the Oro Cruz Property (Notes 5 and 10) in full and final settlement of the total advances of \$440,000. The Company recognized a gain on settlement of debts of \$440,000 related to this sale and purchase agreement during the six months ended June 30, 2020.

On March 9, 2020, the Company issued 2,200,000 common shares of the Company to settle outstanding debt totalling \$220,000 (Notes 10 and 12).

On November 18, 2019, the Company issued 1,200,000 shares at a value of \$156,000 to Goldcliff Canada, pursuant to the Pine Grove Property, Nevada mineral interest (Note 12).

### 15 Segmented information

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

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

## LINCOLN GOLD MINING INC. (Formerly – Lincoln Mining Corporation)

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the six months ended June 30, 2020 and 2019

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

#### 15 Segmented information (Cont'd)

	<b>Non-current assets</b>
	<b>\$</b>
<b>December 31, 2019</b>	
United States of America	157,818
Canada	100,353
	<b>258,171</b>
<b>June 30, 2020</b>	
United States of America	237,908
Canada	75,181
	<b>313,089</b>

#### 16 Subsequent events

On August 13, 2020, the Company closed a non-brokered private placement. The Company issued a total of 4,856,363 units at a price of \$0.11 per unit for total gross proceeds of \$534,200. Each unit is comprised of one common share of the Company and one-half common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.15 per share for a period of 24 months.

On August 17, 2020, the Company granted 2,300,000 stock options to directors, officers, insiders, employees and consultants of the Company exercisable at a price of \$0.30 per share for a period of five years. All options vest immediately with the exception of 150,000 stock options granted to certain consultants which will vest over a 12 month period with 25% of the allotment available for exercise every three months.



## FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) WHICH HAS BEEN PREPARED ON AUGUST 27, 2020 TO ACCOMPANY THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF LINCOLN GOLD MINING INC. (THE "COMPANY" OR "LINCOLN") FOR THE SIX MONTHS ENDED JUNE 30, 2020.

This Management's Discussion and Analysis ("MD&A"), should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the six months ended June 30, 2020 and the annual audited consolidated financial statements of the Company for the year ended December 31, 2019. All financial amounts are stated in Canadian currency unless stated otherwise.

The financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.

The financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say "we", the "Company" or "numbered company", we mean Lincoln Gold Mining Inc., the parent company and its wholly-owned subsidiaries, as it may apply.

This management discussion and analysis may contain forward-looking statements in respect of various matters including upcoming events and include without limitation, statements regarding discussions of the Company's business strategy, future plans, projections, objectives, estimates and forecasts and statements as to management's expectations with respect to, among other things, the development of the Company's project. These forward-looking statements involve numerous risks and uncertainties and actual results may vary. Important factors that may cause actual results to vary include without limitation, certain transactions, certain approvals, changes in commodity prices, risks inherent in exploration results, timing and success, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and mineral resources), delays in the receipt of government approvals, and changes in general economic conditions or conditions in the financial markets, the state of the world's health physically and financially in dealing with Covid-19. In making the forward-looking statements in this MD&A, the Company has applied several material assumptions, including without limitation, the assumptions that: (1) any additional financing needed will be available on reasonable terms.

Additional factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, among other factors: (1) weak commodity prices and general metal price volatility; (2) the state of the global economy and economic and political events, including the deterioration of the global capital markets, affecting supply and demand and economic and political events affecting supply and demand; and (3) securing and the nature of regulatory permits and approvals and the costs of complying with environmental, health and safety laws and regulations.

The Company cannot assure investors that any of these assumptions will prove to be correct.

The words "expect," "anticipate," "estimate," "may," "will," "should," "intend," "believe," "target," "budget," "plan," "projection" and similar expressions are intended to identify forward-looking statements. Information concerning mineral reserve and mineral resource estimates also may be considered forward-looking statements, as such information constitutes a prediction of what mineralization might be found to be present during operations or if and when an undeveloped project is actually developed.

**FORM 51-102F1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the six months ended June 30, 2020**

*(in Canadian dollars, unless otherwise stated)*

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These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. The Company believes that the expectations reflected in the forward-looking statements, including future-oriented financial information, contained in this MD&A and any documents incorporated by reference are reasonable, but no assurance can be given that these expectations will prove to be correct. In addition, although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, including future-oriented financial information, there may be other factors that cause actions, events, or results not to be as anticipated, such as a second or third wave of Covid -19, estimated, or intended. The Company undertakes no obligation to disclose publicly any future revisions to forward-looking statements, including future-oriented financial information, to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events, except as expressly required by law.

Additionally, the forward-looking statements, including future-oriented financial information, contained herein are presented solely for the purpose of conveying our reasonable belief of the direction of the Company and may not be appropriate for other purposes.

The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

This MD&A contains certain forward-looking statements based on the best beliefs, and reasonable assumptions of the management of Lincoln Gold Mining Inc. There are many risks and uncertainties attached to the mineral exploration business. Given these risks and uncertainties, the reader should not place undue 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](http://www.lincolnmining.com) and at [www.sedar.com](http://www.sedar.com).

## **1. Overview**

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

Lincoln Gold Mining Inc. is an advanced-stage precious metals exploration and development company with two projects in various stages of exploration which include the Pine Grove gold property in Nevada, USA, and the Oro Cruz gold property in California, USA. In the United States, the Company operates under its subsidiaries, Lincoln Gold US Corp. and Lincoln Resource Group Corp. On September 24, 2019, the Company consolidated its common shares on the basis of ten pre-consolidated common shares for one post-consolidated common share. The Company also completed a name change to Lincoln Gold Mining Inc. from Lincoln Mining Corporation. The TSXV approved this consolidation of stock and name change in September 2019.

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.

### **Corporate activities during the second quarter 2020**

In April 2020, the Company closed a non-brokered private placement offering (the "Private Placement") of 2,200,000 units of the Company (the "Units") at a price of \$0.075 per Unit to raise gross proceeds of \$165,000. Each Unit consists of one common share in the capital of the Company (a "Common Share") and one half of a Common Share purchase warrant (each whole warrant, a "Warrant"). Each full warrant entitles the holder, on exercise thereof, to purchase one additional Common Share at a price of \$0.10 for a period of 24 months from the closing of the Private Placement.

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**For the six months ended June 30, 2020**

*(in Canadian dollars, unless otherwise stated)*

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**Overview ... (continued)**

On April 17, 2020 the Company issued 800,000 shares to Goldcliff Resource Corporation ("Goldcliff") with respect to the Pine Grove acquisition (see FS note 5(a)(v)).

The Company issued a news release April 29, 2020 updating shareholders on permitting activities at the Pine Grove project. Permitting is progressing and being led by Stantec, Inc. The lead government agency that Lincoln deals with is the US Forest Service.

On May 20, 2020, the Company entered into a sale and purchase agreement to assign an undivided 25% interest in and to the Oro Cruz Property in full and final settlement of the total advances of \$440,000 to a former insider and two other companies controlled by such person..

The Company's Annual General meeting of Shareholders was held on May 21, 2020. A quorum for the meeting was present and the report of the scrutineer stated that there were 49 shareholders that voted by proxy voting 8,165,221 shares (40.69%) of the 20,064,596 total shares issued & outstanding. The number of directors of the Company remained the same and was fixed at five. All items on the Agenda voted in favour of management's recommendations. There was no other business and the meeting adjourned.

On June 9, 2020, the Company announced the appointment of Mr. Dong Shim as the Company's new Chief Financial Officer (CFO). Mr. Eugene Beukman, former CFO, has retired.

On August 13, 2020, the Company closed a non-brokered private placement. The Company issued a total of 4,856,363 units at a price of \$0.11 per unit for total gross proceeds of \$534,200. Each unit is comprised of one common share of the Company and one-half common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.15 per share for a period of 24 months.

On August 17, 2020, the Company granted 2,300,000 stock options to directors, officers, insiders, employees and consultants of the Company exercisable at a price of \$0.30 per share for a period of five years. All options vest immediately with the exception of 150,000 stock options granted to certain consultants which will vest over a 12 month period with 25% of the allotment available for exercise every three months.

**Corporate Activities during the year ended December 31, 2019:**

On March 4, 2019, the Company granted to Demerara Gold Corp. ("Demerara") and Bell Mountain Exploration Corp. ("Bell Mountain") the right to enter into a formal Option and Joint Venture Agreement until June 30, 2019 for the exploration of the Oro Cruz property. To earn a 75% interest, Demerara and Bell Mountain will have to spend approximately USD\$2.1 million in property payments, exploration and development over the next five years. As consideration for granting the due diligence period, Demerara and Bell Mountain will pay the Company US\$10,000 and commit to purchasing \$35,000 worth of securities in the Company's next private placement. Demerara has advanced \$113,586 (US\$85,000) to the Company as of March 31, 2019. These funds will become immediately due and payable to Demerara if the Option and Joint Venture Agreement is not entered into by June 30, 2019. Upon execution of the Option and Joint Venture Agreement, the funds advanced will be credited towards the ongoing obligations of the property payments to ADGIS.

In 2019 Demerara Gold Corp and Bell Mountain Exploration Corp came together to form Owl Capital Corp. Recently Owl Capital Corp. has changed its name to Southern Empire Resources Corp. and is listed as a Tier 2 mining issuer on the TSX Venture Exchange.

Lincoln announced early in 2019 that the Editorial Board of Mergent, Inc. ("Mergent") has approved the Company for a listing in Mergent Manuals and News Reports™ (the "Manual"). Lincoln's corporate profile in the Manual, which includes descriptive text data as well as news and financial statements, will be accessible via Mergent's online and printed products. As part of Mergent's listing services, Lincoln's new corporate description will be highlighted separately on [www.mergent.com](http://www.mergent.com) with an active hyperlink back to Lincoln's website.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the six months ended June 30, 2020**

*(in Canadian dollars, unless otherwise stated)*

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**Overview ...** (continued)

On September 24, 2019, the Company consolidated its common shares on the basis of ten pre-consolidated common shares for one post-consolidated common share. The number of common shares outstanding has been retroactively adjusted in these financial statements and management discussion and analysis to reflect the share consolidation. Simultaneously with the share consolidation, the Company also completed a name change to Lincoln Gold Mining Inc. from Lincoln Mining Corporation.

In September 2019, Lincoln announced that following a recent review of all available data regarding the Pine Grove Gold Project ("the Property"), including the results of its most recent surface drill program, the Company has updated the mineral resource estimate for the Property. (See News Release dated Sept. 16, 2019). The updated resource estimate will be included in the permitting process as the project advances towards production. The updated mineral resource estimate for the Wheeler and Wilson deposits comprising the Pine Grove Project totals 210,962 ounces gold from 5,888,107 tons at 0.036 ounces/ton Measured and Indicated and 1,324 ounces gold from 43,450 tons at 0.030 ounces/ton Inferred.

On October 30, 2019, the Company closed a non-brokered private placement. The Company issued a total of 6,400,000 units at a price of \$0.10 per unit for total gross proceeds of \$640,000. Each unit is comprised of one common share of the Company and one-half common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.14 per share until October 30, 2021. Net proceeds will be primarily used towards a prefeasibility study and the final stages of permitting for the Pine Grove project in Nevada. On September 24, 2019, there were 8,064,596 shares issued and outstanding and after the non-brokered financing was completed there were 14,464,596 shares issued and outstanding.

On November 18, 2019, the Company issued 1,200,000 shares to Goldcliff, pursuant to the Pine Grove Property, Wilson deposit mineral interest. See Note 5 of the audited consolidated financial statements for the year ended December 31, 2019.

**Cash Flow Analysis**

*Operating Activities*

During the six months ended June 30, 2020, cash used in operating activities was \$233,898 and (2019 – \$399,272) respectively for activities as described above and below.

*Investing activities*

During the six months ended June 30, 2020, the cash provided by investing activities was \$Nil (2019 - \$212,836). During the prior comparative period, recoveries of mineral property were \$132,260 mainly related to the recovery from a joint venture partner on the Pine Grove and Oro Cruz properties in the total amount of \$107,068 and exploration funding received of \$143,665 related to the Oro Cruz property. Cash spent on acquisition of mineral properties was \$Nil (2019 - \$63,089) during the six months ended June 30, 2020.

*Financing activities*

During the six months ended June 30, 2020, the Company received \$165,000 (2019 - \$Nil) for closing a private placement of 2,200,000 common shares in April 2020 and \$104,500 in share subscriptions received in advance related to the closing of a private placement of 4,856,363 common shares in August 2020. In addition, the Company paid \$29,358 (2019 - \$28,677) for the Company's office building lease during the six months ended June 30, 2020.

***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.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the six months ended June 30, 2020**

*(in Canadian dollars, unless otherwise stated)*

**2. Summary of Quarterly Results**

	<b>2<sup>nd</sup> Quarter 2020</b>	<b>1<sup>st</sup> Quarter 2020</b>	<b>4<sup>th</sup> Quarter 2019</b>	<b>3<sup>rd</sup> Quarter 2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	-	-	-	-
Exploration expenses	184,374	13,250	61,727	164,531
Administrative expenses (incl. interest expense)	24,422	372,504	295,286	(2,688)
Income (Loss) and comprehensive income (loss)	286,704	(385,754)	(263,189)	(161,843)
Basic and diluted earnings (loss) per share	0.01	(0.02)	(0.01)	(0.02)
Total assets	401,346	384,237	372,806	431,576
Working capital deficiency	(1,318,711)	(2,795,882)	(2,817,436)	(2,887,815)

	<b>2<sup>nd</sup> Quarter 2019</b>	<b>1<sup>st</sup> Quarter 2019</b>	<b>4<sup>th</sup> Quarter 2018</b>	<b>3<sup>rd</sup> Quarter 2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	-	-	-	-
Exploration expenses	103,462	26,086	654,122	144,427
Administrative expenses (incl. interest expense)	110,438	54,825	218,845	108,269
Loss and comprehensive loss	(213,900)	(68,379)	(875,695)	(252,696)
Basic and diluted loss per share	(0.03)	(0.01)	(0.12)	(0.00)
Total assets	297,770	371,929	266,327	212,865
Working capital deficiency	(3,056,222)	(2,826,995)	(2,765,792)	(1,903,233)

The Company had no revenue as the Company has not yet determined whether its mineral properties contain ore reserves; therefore, the Company has incurred ongoing losses since inception.

During the quarter ending December 31, 2019, the Company spend \$61,727 on exploration expenses which is \$592,395 less than the \$654,122 spent on exploration expenses for the same quarter in the previous year.

During the quarter ending December 31, 2019, the Company recorded recoveries against exploration expenditures, decreasing the losses made during the quarter with \$252,154 compared with the same quarter during the previous year.

During the quarter ending June 30, 2020, the Company entered into a sale and purchase agreement to assign an undivided 25% interest in and to the Oro Cruz Property in full and final settlement of the total advances of \$440,000 to a former insider and two other companies controlled by such person. The Company recognized a gain on settlement of debts of \$440,000 related to this sale and purchase agreement during the quarter ended June 30, 2020.

**3. Results of Operations**

***Results of Operations – For the six months ended June 30, 2020***

For the six months ended June 30, 2020, the Company incurred an operational loss of \$99,050 (2019 - \$294,257). The Company recognized a gain on settlement of debts in the amount of \$495,000 (2019 - \$Nil) related to issuing 2,200,000 common shares to various creditors of the Company totalling \$220,000 and assigning an undivided 25% interest in and to the Oro Cruz Property in settlement of advances of \$440,000 as discussed above. Removing this from the results, the Company had an operational loss of \$594,050 (2019 - \$294,257).

**FORM 51-102F1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the six months ended June 30, 2020**

*(in Canadian dollars, unless otherwise stated)*

**Results of Operations ... (continued)**

Investor relations and shareholder services increased by \$10,745 and professional fees increased by \$10,317 as a result of the private placement that closed in April 2020, common shares issued related to the Pine Grove property and debt settlement agreements during the period. Consulting and management fees increased by \$22,400 due to a general increase in consulting fees compared to the prior period. Office and maintenance increased by \$55,648 mainly as a result of corporate services totalling \$46,250 provided by a company controlled by the former CFO and Corporate Secretary of the Company. Foreign exchange loss increased by \$96,649 as a result of the translation of US dollar transactions and balances to the Company's functional currency in Canadian dollar during the period.

Exploration expenses increased by \$68,076 to \$197,624 on the properties compared to the prior period mainly due to the exploration activity on the Pine Grove property.

**Results of Operations – For the three months ended June 30, 2020**

For the three months ended June 30, 2020, the Company incurred an operational earnings of \$286,704 (2019 - \$213,900). Removing the gain on settlement of debts in the amount of \$495,000 as discussed above, the Company had an operational loss of \$208,296 (2019 - \$213,900).

Investor relations and shareholder services increased by \$9,482 as a result of the private placement that closed in April 2020 and common shares issued related to the Pine Grove property during the period. Consulting and management fees increased by \$13,150 due to a general increase in consulting fees compared to the prior period. Office and maintenance increased by \$41,056 (2019 – (\$5,820)) mainly as a result of corporate services totalling \$23,125 provided by a company controlled by the former CFO and Corporate Secretary of the Company. Foreign exchange gain increased by \$169,212 as a result of the translation of US dollar transactions and balances to the Company's functional currency in Canadian dollar during the period.

Exploration expenses increased by \$80,912 to \$184,374 on the properties compared to the prior period mainly due to the exploration activity on the Pine Grove property.

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

Exploration expenses (recoveries)	Pine Grove	Oro Cruz	Bell Mountain	La-Bufa	Other properties (refunds)	Total
	\$	\$	\$	\$	\$	\$
<b>2020</b> , (IFRS reporting)	224,415	(26,791)	-	-	-	197,624
<b>2019</b> , (IFRS reporting)	209,507	275,270	-	-	1,429	486,206
<b>2018</b> , (IFRS reporting)	1,022,064	118,887	-	-	6,561	1,147,512
<b>2017</b> , (IFRS reporting)	509,985	(70,594)	-	-	7,546	446,937
<b>2016</b> , (IFRS reporting)	(602)	47,238	-	-	-	46,636
<b>2015</b> , (IFRS reporting)	162,901	83,380	33,104	-	-	279,385
<b>2014</b> , (IFRS reporting)	318,941	157,797	144,295	46,897	7,811	675,741
<b>2013</b> , (IFRS reporting)	326,388	119,081	1,200,383	87,646	32,150	1,765,648
<b>2012</b> , (IFRS reporting)	234,525	247,285	100,461	402,810	7,590	992,671
<b>2011</b> , (IFRS reporting)	610,664	404,483	-	1,240,844	11,288	2,267,279
<b>2010</b> , (IFRS reporting)	1,609,436	310,637	-	472,534	1,645	2,394,252
<b>2009</b> , (Canadian GAAP)	553,319	7,586	-	121,861	(7,898)	674,868
<b>2008</b> , (Canadian GAAP)	509,333	-	-	1,501,906	14,347	2,025,586
<b>2007</b> , (Canadian GAAP)	154,145	-	-	163,705	25,287	343,137
	<b>6,445,021</b>	<b>1,674,259</b>	<b>1,478,243</b>	<b>4,038,203</b>	<b>107,756</b>	<b>13,743,482</b>
<b>Less recoveries</b>	<b>(33,438)</b>	<b>(522,275)</b>	<b>-</b>	<b>(1,051,735)</b>	<b>-</b>	<b>(1,607,448)</b>
<b>Total exploration expenses incurred</b>	<b>6,411,583</b>	<b>1,151,984</b>	<b>1,478,243</b>	<b>2,986,468</b>	<b>107,756</b>	<b>12,136,034</b>

**FORM 51-102F1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the six months ended June 30, 2020**

*(in Canadian dollars, unless otherwise stated)*

## 4. Projects

### Overview

**Pine Grove Property, Nevada** – The Pine Grove gold project, located in Lyon County, Nevada, is the Company's most advanced project. At the time of writing of this MDA Lincoln is well underway in the permitting studies needed to take the project to production. A prefeasibility study is planned for later in 2020.

### ***Pine Grove Gold Property, Lyon County, Nevada***

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

At the Pine Grove project historic gold production was 240,000 ozs high-grade gold from underground mining in the late 1800s and early 1900s.

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

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

It is planned that a prefeasibility study will be undertaken in 2020, which will include the new resources that were announced on September 16, 2019.

Yearly land payments were made to the BLM and Lyon County in August 2020 to keep the property in good standing.

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

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



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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the six months ended June 30, 2020**

*(in Canadian dollars, unless otherwise stated)*

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**Projects ... (continued)**

The Agreement was terminated in 2019. Placer is required to carry out reclamation work on the area that it disturbed. This will be done in the summer or fall of 2020.

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

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

By mid-December 2016, Goldcliff had completed a drilling program of 14 holes that totalled 2,132.6 metres (6,976.25 feet). All assays were received by the first of February and are reviewed in the news release of February 9<sup>th</sup>, 2017. No additional exploration work was carried out on the property during 2017 or 2018. However, a number of permitting studies were performed.

A Binding Letter of Intent between Goldcliff and Lincoln for the selling back to Lincoln of the lease on the Wilson Patented Claims located in Lyon County, Nevada was signed in October 2019. The Wilson claims are part of the Pine Grove development project and were included in the Pine Grove Joint Venture between the two companies. Goldcliff will receive staged cash and share payments and retain title to the claims until all payments and share issuances are completed. See news Release of October 8, 2019.

To aid the Company in all this work, Lincoln announced the engagement of an effective permitting team that will allow it to proceed with permitting of the Pine Grove project towards operation. The consulting team with respective task assignments is headed up by Stantec Consulting Services Inc. ("Stantec").

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

On May 15, 2018, the Company through its subsidiary Lincoln Resource Group Corp., submitted a Mine Plan of Operations (**PoO**) to the United States Forest Service, Humboldt-Toiyabe National Forest. The PoO was compiled by Welsh Hagen Associates of Reno, Nevada and incorporated data and information from a number of consulting companies that are working on the project. Submission of the PoO initiates the National Environmental Policy Act

(**NEPA**), which requires the compilation of an Environmental Impact Statement (**EIS**), including public comment. The lead agency is the U.S. Forest Service – Bridgeport Ranger District in Bridgeport, California. Lincoln is working closely with its prime environmental contractor, Stantec and the U.S. Forest Service to advance the permitting process as quickly as possible.

In August 2018, the Company engaged a team of consultants to guide it through the production permitting process. Stantec has been chosen as our prime contractor for the EIS.

**Oro Cruz Gold Property, Imperial County, California**

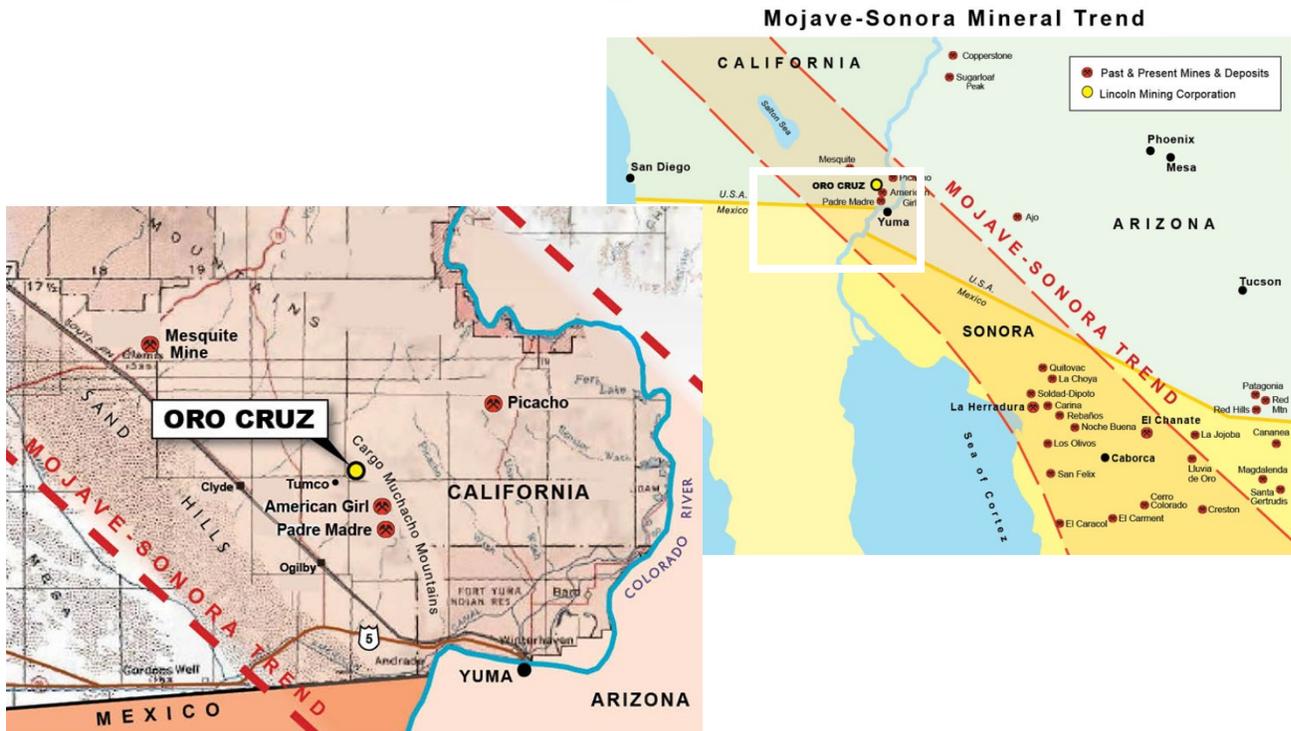
The Oro Cruz Property is located in the Tumco Mining District of southeastern California. The project is approximately 14 miles southeast from the operating Mesquite gold mine (New Gold Inc.) and adjacent to the past producing American Girl and Padre-Madre gold mines. Acquired in February 2010, Oro Cruz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

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**Projects ... (continued)**

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.



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

Claim payments have been made to the BLM and Imperial County to keep the property in good standing.

**Oro Cruz Gold Resources – September 2010 – Tetra Tech Report**

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

On October 1, 2019, the Company entered into a formal Option and Joint Venture Agreement with Demerara Gold Corp. (“Demerara”) and Bell Mountain Exploration Corp. (“Bell Mountain”) collectively the “Optionee”, granting the Optionee an option to purchase up to an undivided 75% interest in the Oro Cruz Property.

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**Projects ... (continued)**

On March 18, 2020 Owl Capital Corp. ("Owl") closed its previously announced Qualifying Transaction with Eros Resources Corp. ("Eros") and Demerara whereby Owl acquired Demerara and Eros and thereby acquired a 75% interest in the Oro Cruz Gold Project in California with respect to the acquisition of an exclusive option to acquire an aggregate 75% interest in the Oro Cruz Gold Project. As a result of closing the Qualifying Transaction the company changed its name to Southern Empire Resources Corp. and was listed as a Tier 2 mining issuer on the TSX Venture Exchange.

Work continues on the property by Southern Empire. They need to spend \$2.1 million US to earn the 75% interest.

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.

**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.

**5. Liquidity and Solvency**

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

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
	\$	\$
Working capital deficiency	(1,318,711)	(2,817,436)
Long-term debt	1,258,664	120,471
	<b>Six months ended June 30, 2020</b>	<b>Six months ended June 30, 2019</b>
	\$	\$
Cash used in operating activities	(233,898)	(399,272)
Cash provided by investing activities	-	212,836
Cash provided by financing activities	240,086	179,081
Change in cash	6,188	(7,355)

On September 24, 2019, the Company consolidated its common shares on the basis of ten pre-consolidated common shares for one post-consolidated common share. The number of common shares outstanding has been retroactively adjusted in these unaudited interim condensed consolidated financial statements to reflect the share consolidation. Simultaneously with the share consolidation, the Company also completed a name change to Lincoln Gold Mining Inc. from Lincoln Mining Corporation.

On August 13, 2020, the Company closed a non-brokered private placement. The Company issued a total of 4,856,363 units at a price of \$0.11 per unit for total gross proceeds of \$534,200. Each unit is comprised of one common share of the Company and one-half common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.15 per share for a period of 24 months.

On May 20, 2020, the Company entered into a sale and purchase agreement to assign an undivided 25% interest in and to the Oro Cruz Property in full and final settlement of the total advances of \$440,000 to a former insider and two other companies controlled by such person.

On April 17, 2020, the Company issued 800,000 shares to Goldcliff Resource Corporation with respect to the Pine Grove acquisition.

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**Liquidity and Solvency ... (continued)**

On April 8, 2020, the Company closed a non-brokered private placement offering (the "Private Placement") of 2,200,000 units of the Company (the "Units") at a price of \$0.075 per Unit to raise gross proceeds of \$165,000. Each Unit consists of one common share in the capital of the Company (a "Common Share") and one half of a Common Share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder, on exercise thereof, to purchase one additional Common Share at a price of \$0.10 for a period of 24 months from the closing of the Private Placement.

In March 2020, the Company entered into various settlement agreements with respect to approximately \$1,355,720 of debts. Of this amount, 1,570,000 common shares were issued to settle indebtedness to certain related parties of \$157,000 and 630,000 common shares were issued to settle promissory notes payable of \$63,000. The remaining debt of approximately \$1,186,533 was restructured and became payable over 3 years.

On November 18, 2019, the Company issued 1,200,000 shares to Goldcliff, pursuant to the Pine Grove Property, Nevada mineral interest. On April 17, 2020, the Company issued 800,000 shares to Goldcliff with respect to the Pine Grove acquisition.

On October 30, 2019, the Company closed a non-brokered private placement. The Company issued a total of 6,400,000 units at a price of \$0.10 per unit for total gross proceeds of \$640,000. Each unit is comprised of one common share of the Company and one-half common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.14 per share until October 30, 2021.

On October 1, 2019, the Company entered into a formal Option and Joint Venture Agreement with Demerara Gold Corp. ("Demerara") and Bell Mountain Exploration Corp. ("Bell Mountain") collectively the "Optionee", granting the Optionee an option to purchase up to an undivided 75% interest in the Oro Cruz Property – See Note 5. As of September 30, 2019, Demerara and Bell Mountain have advanced \$252,154 (December 31, 2018 - \$33,010) to the Company. With the signing of the formal agreement, these advances are no longer payable, and will be acknowledged as applied towards exploration expenditures and have been recorded as a recovery.

On July 10, 2019, the Company issued 544,877 fully-paid common shares pursuant to the exercise of 544,877 Special Warrants. On June 9, 2017, the Company completed a debt settlement agreement (the "Settlement") with two former directors of the Company (the "Creditors") with respect to outstanding debt (including principal and interest) totaling \$4,033,795, of which \$1,298,352 was included in loans payable. Under the terms of the Settlement, the Creditors were issued an aggregate of 92,950 common shares of the Company and 1.6 million special warrants (the "Special Warrants"). Each Special Warrant may be exercised for only fully paid and nonassessable common share (a "Special Warrant Share") in the capital of the Company without payment of additional consideration for a period of 10 years from the date of issue. After this transaction there are 1,055,123 special warrants left.

## **6. Capital Resources**

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

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

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**Capital Resources ... (continued)**

*Capital risk management*

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

**7. Commitment**

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

**8. Off-Balance Sheet Arrangements**

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None.

**9. Outstanding Share Data**

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The Company's issued and outstanding common shares are 25,720,959 as at the date of this report.

The Company has 2,300,000 stock options with an exercise price of \$0.30 per share expiring on August 17, 2025.

The Company has a total of 3,328,590 share purchase warrants with exercise price of \$0.80 expiring on April 26, 2022; 3,200,000 share purchase warrants with exercise price of \$0.14 expiring on October 30, 2021 1,100,000 share purchase warrants with exercise price of \$0.10 expiring April 8, 2022, 2,428,182 share purchase warrants with an exercise price of \$0.15 expiring August 13, 2022 and 1,055,123 special warrants expiring on June 9, 2027.

**10. Related Party Transactions**

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The following transactions were carried out with related parties:

***Key management personnel – services rendered and other compensation***

Key management includes officers and directors – executive and non-executive. The compensation paid or payable to key management personnel for the services rendered during the six months ended June 30, 2020 and 2019 were as follows:

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**Related Party Transactions ... (continued)**

	<b>Six months ended June 30, 2020</b>	<b>Six months ended June 30, 2019</b>
	<b>\$</b>	<b>\$</b>
Management fees	54,000	54,000
Corporate fees	15,000	-
Exploration expenses	74,118	83,517
Accounting fees	18,500	30,000
<b>Total</b>	<b>161,618</b>	<b>167,517</b>

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.

During the six months ended June 30, 2020, the Company paid/accrued management fees of \$54,000 (2019 - \$54,000) to a company controlled by Mr. Paul Saxton, the Chief Executive Officer, President and a director of the Company.

During the six months ended June 30, 2020, the Company paid/accrued accounting fees of \$3,500 (2019 - \$Nil) to a company controlled by Mr. Dong Shim, the Chief Financial Officer of the Company.

During the six months ended June 30, 2020, the Company paid/accrued accounting fees of \$15,000 (2019 - \$30,000) and corporate services of \$15,000 (2019 - \$Nil) to a company controlled by Mr. Eugene Beukman, the former Chief Financial Officer of the Company.

During the six months ended June 30, 2020, the Company paid/accrued consulting fees of \$74,118 (2019 - \$83,517) included in exploration expenses to Mr. Jeff Wilson, the Vice President of Exploration of the Company.

**Balance due to related parties**

	<b>As at June 30, 2020</b>	<b>As at December 31, 2019</b>
	<b>\$</b>	<b>\$</b>
Executive officers and their controlled companies	1,105,120	499,195
Directors	15,000	15,000
Total	1,120,120	514,195
Current portion of balance due to related parties	(361,067)	(514,195)
<b>Long-term portion of balance due to related parties</b>	<b>759,053</b>	<b>-</b>

On February 25, 2020, the Company negotiated a debt reorganization with certain related parties to defer repayment in the total amount of \$774,884, consisting of \$407,000 and US\$277,000, for a period of up to three years from the date of the debt settlement agreement with each respective party. Repayment is due on the following terms:

First anniversary of debt settlement agreement	\$5,000 payable to the former CFO \$20,442 (US\$15,000) payable to VP of Exploration
Second anniversary of debt settlement agreement	\$35,000 payable to the President \$5,000 payable to the former CFO \$57,238 (US\$42,000) payable to VP of Exploration
Third anniversary of debt settlement agreement	\$362,000 payable to the President \$299,815 (US\$220,000) payable to VP of Exploration

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**Related Party Transactions ... (continued)**

***Balance due from related parties***

	<b>As at June 30, 2020</b>	<b>As at December 31, 2019</b>
	<b>\$</b>	<b>\$</b>
Companies with a director in common	2,587	2,625
Directors	-	1,799
<b>Total</b>	<b>2,587</b>	<b>4,424</b>

***Loans***

During the six months ended June 30, 2020, the Company received \$Nil (2019 - \$Nil), and repaid \$56 (2019 - \$5,837), unsecured demand loan from the President of the Company. The remaining balance of the loan is unsecured, bearing interest at 5% per annum, calculated and payable on demand. The Company may repay the principal, in whole or in part, at any time without penalty. As at June 30, 2020, the loan payable balance to the President of the Company was \$60,709 (December 31, 2019 - \$59,795). On February 25, 2020, the Company negotiated a debt reorganization with respect to this unsecured demand loan to defer repayment in the amount of \$60,000 for a period of up to three years from the date of the debt settlement agreement. Repayment of \$20,000 is due on the one year anniversary of the debt settlement agreement, \$10,000 is due on the second year anniversary of the debt settlement agreement and \$30,000 is due on the third anniversary of the debt settlement agreement.

As of June 30, 2020, the Company had received advances totaling \$440,000 (December 31, 2019 - \$440,000) from a previous control person of the Company, and two other companies controlled by such person. The advances are unsecured, non-interest bearing and due on demand. On May 20, 2020, the Company entered into a sale and purchase agreement to assign a 25% interest in and to the ADGIS Agreement and an undivided 25% interest in and to the Oro Cruz Property in full and final settlement of the total advances of \$440,000. The Company recognized a gain on settlement of debts of \$440,000 related to this sale and purchase agreement during the six months ended June 30, 2020.

During the year ended December 31, 2015, the Company received US\$66,000 from a company that has an insider in common with Lincoln. During the year ended December 31, 2017, the existing promissory note was terminated and both parties subsequently entered into a new promissory note agreement consisting of the existing principal and interest in the aggregate amount of US\$71,000. The loan is secured by the Company's US properties and evidenced by a promissory note bearing interest at 9% per annum. Principal and accrued interest was payable upon termination of the note on September 15, 2017. On January 3, 2018, the Company issued 643,441 common shares for settlement of debt in the amount of \$32,172.

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

On August 24, 2018, September 11, 2018, October 23, 2018, January 23, 2019 March 29, 2019 and May 30, 2019, the Company received \$65,180 (US\$50,000), \$65,070 (US\$50,000), \$91,994 (US\$70,000), \$93,436 (US\$70,000), \$66,815 (US\$50,000) and \$53,344 (US\$40,000) respectively from Dragon Hill Creation Limited, respectively, a company controlled by a director of the Company. The loans are unsecured and evidence by promissory notes bearing interest at 10% per annum, calculated and payable on the termination date of the promissory notes being June 30, 2019. The Company may prepay the principal, in whole or in part, at any time without penalty and the terms of the loans are currently being renegotiated.

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**Related Party Transactions ... (continued)**

***Other transactions with related parties***

During the six months ended June 30, 2020, the Company received \$8,527 (2019 - \$12,000) from Golden Band and Goldcliff for office rent. These companies have certain officers and directors in common.

Goldcliff is a private company controlled by the President of the Company.

On March 9, 2020, the Company issued 1,570,000 common shares to settle indebtedness to certain related parties of \$157,000.

**11. Proposed Transactions**

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

**12. Accounting Policies - International Financial Reporting Standards (IFRS)**

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

***Changes in Accounting Standards***

IFRS 16 – Leases. The Company adopted IFRS 16 effective on January 1, 2019 using the modified retrospective approach. In accordance with the transition provisions in IFRS 16, the new rules have been adopted retrospectively with the cumulative effect of initially applying the new standard recognized on January 1, 2019. The comparatives for the 2018 reporting period have not been restated and are accounted for under IAS 17 – Leases, and IFRIC 4 – Determining Whether an Arrangement Contains a Lease, as permitted under the specific transitional provisions in the standard. The transitional adjustments arising from the adoption are recognized in the opening balance sheet on January 1, 2019. Upon adoption of IFRS 16, the Company recognized lease liabilities in relation to a lease for office space which had previously been classified as “operating lease” under the principles of IAS 17 – Leases under which these lease payments were recorded as expenses as they were incurred. Under IFRS 16, these liabilities were measured at the present value of the remaining lease payments as at January 1, 2019, discounted using the Company's incremental borrowing rate. The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 20%. An associated right-of-use asset for the lease was measured at the amount equal to the lease liability on January 1, 2019.

As at January 1, 2019, the Company recognized \$125,120 in right-of-use assets and lease liabilities as summarized below:

	\$
Minimum lease payments under operating leases as of December 31, 2018	159,312
Effect from discounting at the incremental borrowing rate as of January 1, 2019	(20,864)
Lease liabilities recognized as of January 1, 2019	138,448
Right-of-use assets recognized as of January 1, 2019	138,448

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As a result of the adoption of IFRS 16, the Company has amended its accounting policy for leases, from that disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2018.

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**Accounting Policies – International Financial Reporting Standards (IFRS) ... (continued)**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of economic benefits from use of the asset during the term of the arrangement and if the Company has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any commissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in our estimated or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit on a straight-line basis over the lease term.

***Critical Accounting Estimates and Judgments***

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

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

***Company's title on mineral property interests***

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

***Income taxes***

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

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

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### 13. Financial Instruments

#### Categories of financial instruments

	June 30, 2020	December 31, 2019
	\$	\$
<b>Financial assets *</b>		
<i>Amortized at cost</i>		
Cash	62,432	56,244
Other receivables	15,186	4,456
	77,618	60,700
<b>Financial liabilities</b>		
<i>Amortized at cost</i>		
Accounts payable and accrued liabilities	718,410	1,234,038
Due to related parties	1,120,120	514,195
Lease liability	69,984	95,105
Loans payable	60,709	59,795
Promissory notes	607,827	1,064,987
	2,577,050	2,968,120

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

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

#### **Fair value**

The carrying value of cash, other receivables, accounts payable and accrued liabilities, due to related parties, loans payable, and promissory notes are measured at amortized cost. The carrying value of lease liability approximated its fair value as it bears interest that approximates current market rates.

### 14. Risks and Uncertainties

#### **Foreign exchange risk**

The Company's operations in the United States expose the Company to foreign exchange risk. The Company is subject to currency risk due to the fluctuations of exchange rates between the Canadian and US dollars. The Company does not believe it is exposed to significant foreign exchange risk. A 10% fluctuation in the foreign exchange rate between the Canadian and US dollar will result in a foreign exchange gain/loss of approximately \$171,000. The Company does not enter into derivative financial instruments to mitigate foreign exchange risk.

#### **Credit risk**

The Company is not exposed to material credit risk.

#### **Interest rate risk**

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

#### **Liquidity risk**

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities.

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**Risks and Uncertainties ... (continued)**

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.

**Coronavirus global pandemic risk**

In March 2020 the World Health Organization declared the coronavirus a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

**Other**

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

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 of property acquisitions and/or 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 planned commitments.

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

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

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

World health related issues associated with COVID-19 pandemic may impede the Company from completing the permitting process as quickly as first thought possible. At the time of writing this MDA there are numerous issues associated with the pandemic that remain unclear. How this will affect the Company's ability to proceed with funding the Company and carry on with ongoing permitting is uncertain.

**FORM 51-102F1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the six months ended June 30, 2020**

*(in Canadian dollars, unless otherwise stated)*

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## **15. Trends**

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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. Both of these trends are very mixed these days because of the Covid-19 and the uncertainty that it has brought to the world.

One is the price of commodities that are being produced and the other is the general market condition. Over the last few years the trend in the prices of precious metals, in particular gold, has been mixed on the spot basis as well as the average trailing prices of the metals. The gold price seems to be moving upward at a steady rate and subsequent to the quarter end has reached new highs at over \$2,000 per ounce.

The other aspect is the general stock market conditions. Unfortunately, the junior mining sector has been under tremendous negative pressure in the market over the last few years however this condition appears to be changing and as the junior gold market issuers has been up consistently over the last 5 months. Previous to the gold market moving upward significant amounts of investing have occurred in the marijuana and blockchain areas which has taken away from investment in the junior mining industry. However, this trend seems to have changed now that the price of gold has seen new highs. Lincoln is committed to advance its properties to production as quickly as possible to get into a positive cash flow position.

## **16. Outlook**

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Precious metals prices, especially gold, are rallying strongly on the short term however depending on economic conditions world-wide and world events including the Corona Virus this could change. These changes can be not only to interest rate changes in the U.S. but the world economy in general. Lincoln will require significant investment as it transitions into development stage projects. This needed investment may become more difficult to obtain if these world wide conditions persist. Lincoln management's objective is to become a new junior gold-silver producer in the United States, where there is no threat to mineral tenure or repatriation of mining profits.

### **Cautionary Statement**

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