



LINCOLN MINING CORPORATION

**Unaudited condensed interim
consolidated financial statements**

for the three months ended March 31, 2014

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Notice to Reader

Management has prepared the unaudited condensed interim consolidated financial statements for 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 financial statements for the period ended March 31, 2014.

LINCOLN MINING CORPORATION
Condensed Interim Consolidated Statements of Financial Position
(Unaudited)

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

	Notes	As at March 31, 2014 \$	As at December 31, 2013 \$
Assets			
Current assets			
Cash		98,147	43,958
Other receivables		5,556	3,831
Prepaid expenses		14,398	23,234
		118,101	71,023
Non-current assets			
Reclamation bonds	4c	22,731	21,873
Equipment		12,158	13,999
Deposits		44,678	44,678
Mineral properties	4	3,047,630	3,047,630
		3,127,197	3,128,180
Total assets		3,245,298	3,199,203
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued liabilities		1,075,297	1,091,064
Loans from directors	5	1,135,099	1,087,409
Property acquisition liability	4	971,794	1,171,846
		3,182,190	3,350,319
Non-current liabilities			
Convertible debenture	6	-	2,155,138
Promissory note	7	2,943,199	-
Provision for environmental rehabilitation		71,845	69,134
		3,015,044	2,224,272
Total liabilities		6,197,234	5,574,591
Equity			
Share capital	9	20,155,769	20,155,769
Capital reserves	9(b)	1,323,896	1,323,896
Deficit		(24,431,601)	(23,855,053)
Total Equity		(2,951,936)	(2,375,388)
Total Liabilities and Equity		3,245,298	3,199,203

Nature of operations (Note 1)

Subsequent events (Note 13)

Approved and authorized by the Board on May 29, 2014.

<u>“Paul Saxton”</u> Paul Saxton	Director	<u>“Andrew Milligan ”</u> Andrew Milligan	Director
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LINCOLN MINING CORPORATION
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited)

For the three months ended March 31, 2014 and 2013

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

	Notes	Three months ended March 31, 2014 \$	Three months ended March 31, 2013 \$
Exploration expenses	4	163,240	321,893
Administrative expenses			
Professional fees		37,015	138,482
Investor relations and shareholder services		6,946	109,831
Office maintenance		49,801	52,861
Administrative support		31,781	52,355
Consulting and management fees		41,095	27,272
Travel		2,252	8,115
Depreciation		1,841	2,673
Foreign exchange loss (gain)		19,706	25,472
		190,437	417,061
Finance expenses (income)			
Interest income		-	-
Interest expense		222,871	88,322
		222,871	88,322
Loss and comprehensive loss for the period		576,548	827,276
Basic and diluted loss per common share		(0.04)	(0.05)
Weighted average number of common shares outstanding		15,886,020	15,886,020

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

LINCOLN MINING CORPORATION
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)
For the three months ended March 31, 2014 and 2013

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

	Three months ended March 31, 2014	Three months ended March 31, 2013
	\$	\$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the period	(576,548)	(827,276)
Items not affecting cash:		
Accrued interest expense	222,840	88,322
Depreciation	1,841	2,673
Unrealized loss on foreign exchange	1,853	25,472
Changes in non-cash working capital items:		
Increase (decrease) in accounts payable and accrued liabilities	133,576	24,303
Decrease (increase) in prepaid and deposits	8,836	70,289
Decrease in other receivables	(1,725)	(23,363)
Interests paid	(175,053)	-
Net cash used in operating activities	(384,380)	(639,580)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of equipment	-	(2,089)
Reclamation bonds	-	(20,886)
Net cash used in investing activities	-	(22,975)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares for cash	-	-
Share issue costs	-	-
Promissory note issued for cash	2,943,199	-
Payment of property acquisition liability	(227,130)	-
Payment of convertible debenture	(2,300,000)	-
Loans from directors	22,500	-
Net cash provided by financing activities	438,569	-
Net change in cash for the period	54,189	(662,555)
Cash, beginning of the period	43,958	2,202,131
Cash, end of the period	98,147	1,539,576

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

LINCOLN MINING CORPORATION
Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited)

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

	Number of shares	Share capital \$	Capital Reserves \$	Deficit \$	Total \$
Balance at December 31, 2013	15,886,020	20,155,769	1,323,896	(23,855,053)	(2,375,388)
Loss for the period	-	-	-	(576,548)	(576,548)
Balance as at March 31, 2014	15,886,020	20,155,769	1,323,896	(24,431,601)	(2,951,936)
Balance at December 31, 2012	15,886,020	20,155,769	1,323,896	(18,206,298)	3,273,367
Loss for the period	-	-	-	(827,276)	(827,276)
Balance at March 31, 2013	15,886,020	20,155,769	1,323,896	(19,033,574)	2,446,091

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

LINCOLN MINING CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited)

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

1 Nature of operations

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

The interim consolidated financial statements of the Company for the three month period ended March 31, 2014 comprise the Company and its subsidiaries. These 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 Summary of significant accounting policies

(a) Basis of preparation

The interim consolidated financial statements for the three months ended March 31, 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim consolidated financial statements do not include all the information and disclosures required in the annual 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, 2013.

The accounting policies followed in these interim financial statements are consistent with those applied in the Company's most recent annual financial statements for the year ended December 31, 2013.

Going concern assumption

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

The Company has not yet determined whether its mineral properties contain ore reserves; therefore, the Company has incurred ongoing losses. The recovery of the amounts comprising mineral properties is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon future profitable production.

To date, management has raised adequate financing to proceed towards the completion of the technical feasibility of certain mineral properties. The continued success of the Company is dependent on the Company's ability to continue raising additional funds from the issuance of common shares and/or debt, and the continued support of the Company's shareholders and creditors.

New standards and interpretations not yet adopted

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

LINCOLN MINING CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited)

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

(b) Consolidation

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

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

(c) Mineral properties

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

Exploration and evaluation expenditures

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

(d) Impairment of long-lived assets

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

(e) Financial liabilities

Borrowings

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

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

LINCOLN MINING CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements
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Compound financial instruments

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

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

(f) Provision for environmental rehabilitation

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

(g) Leases

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

(h) Related party transactions

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

3 Critical accounting estimates and judgements

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

The most significant accounts that require estimates as the basis for determining the stated amounts include the valuation of share-based payments and income taxes.

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

Recoverability of mineral property interests

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

LINCOLN MINING CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements
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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.

Provision for environmental rehabilitation

The Company's estimates of future rehabilitation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

4 Mineral properties

	United States		Total
	Pine Grove	Bell Mountain	
Acquisition costs as at December 31, 2013 and March 31, 2014	\$ 784,116	\$ 2,263,514	\$ 3,047,630

Exploration expenditures (recoveries) incurred during the three months ended March 31, 2014:

	United States				Mexico	Total
	Pine Grove	Oro Cruz	Bell Mountain	Other	La Bufa	
Contractors	\$ 11,953	\$ 11,952	\$ 13,028	\$ -	\$ -	\$ 36,933
Drilling and metallurgical	83	-	27,583	-	-	27,666
Field supplies	188	-	1,251	-	-	1,439
General administration	628	-	2,811	-	-	3,439
Geochemistry	19,400	3,641	9,819	-	-	32,860
Land maintenance	27,583	33,099	-	-	-	60,682
Vehicle operating	221	-	-	-	-	221
Total mineral property expenditures	60,056	48,692	54,492	-	-	163,240

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Notes to the Condensed Interim Consolidated Financial Statements
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(All amounts are in Canadian Dollars, unless otherwise stated)

Exploration expenditures (recoveries) incurred during the three months ended March 31, 2013:

	United States				Mexico	Total
	Pine Grove	Oro Cruz	Bell Mountain	Other	La Bufa	
	\$	\$	\$	\$	\$	\$
Option, lease and advance royalty payments	-	74,408	-	-	19,015	93,423
Contractors	5,360	-	5,360	893	(2,397)	9,216
Drilling and metallurgical	20,274	-	28,284	5,998	-	54,556
Field supplies	762	-	237	-	34	1,033
General administration	2,512	-	850	107	9,961	13,430
Geochemistry	5,231	495	22,990	9,383	16,537	54,636
Insurance	-	-	-	-	1,031	1,031
Land maintenance	210	-	1,167	-	-	1,377
Permitting environment	38,053	-	18,481	-	-	56,534
Property evaluations	2,746	-	19,288	-	-	22,034
Travel and accommodation	2,434	-	4,450	1,338	2,283	10,505
Vehicle operating	1,460	-	2,087	571	-	4,118
Total mineral property expenditures	79,042	74,903	103,194	18,290	46,464	321,893

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

United States

(a) Pine Grove Property, Nevada

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

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

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

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

- US\$10,000 upon signing the agreement (paid); and
- US\$30,000 prior to each one year anniversary of the lease (years 1-6 paid)

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

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Notes to the Condensed Interim Consolidated Financial Statements
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(All amounts are in Canadian Dollars, unless otherwise stated)

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

The following lease payments must be made by the Company:

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

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

The following work commitments must be made by the Company:

- US\$25,000 by August 1, 2008; (incurred)
- US\$25,000 by August 1, 2009; (incurred)
- US\$50,000 by August 1, 2010; (incurred)
- US\$50,000 by August 1, 2011; (incurred)
- US\$50,000 by August 1, 2012; (incurred) and each subsequent lease year

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

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

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

At inception of the agreement a US\$400,000 promissory note was issued for the remaining cash payments required, non-interest bearing, except in the event of default, in which case the rate of interest shall be eight percent per annum until payment is made. The promissory note was secured by the Cavanaugh property. The fair value of the promissory note on the date of issuance was \$361,685 (US\$346,873), which was calculated using a discount rate of 8%. The Company's commitment to issue the remaining 25,000 shares was valued at \$1.85 per share totaling \$46,250. As a result of the purchase agreement, \$696,360 has been capitalized as mineral property acquisition costs as at December 31, 2010.

The 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.

LINCOLN MINING CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited)

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

(b) Oro Cruz Property, California

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

- US\$50,000 on the execution date of the agreement (paid)
- US\$50,000 by February 22, 2011 (paid)
- US\$75,000 by February 22, 2012 (paid)
- US\$75,000 by February 22, 2013 (paid)
- US\$100,000 by February 22, 2014 (\$30,000 paid)
- US\$100,000 by February 22, 2015
- US\$150,000 by February 22, 2016
- US\$200,000 by February 22, 2017 and each subsequent anniversary of the effective date

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

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

- US\$250,000 cumulative amount expended by the end of the second lease year (incurred)
- US\$300,000 during the third lease year (incurred)
- US\$350,000 during the fourth lease year
- US\$400,000 during the fifth lease year
- US\$450,000 during the sixth lease year
- US\$500,000 during the seventh lease year

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

(c) Bell Mountain Property, Nevada

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

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

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

The Company renegotiated the payment schedule for the Bell Mountain project whereby principal repayments outstanding at September 30, 2013 would accrue interest at a rate of 4% per annum and would be due in full by December 31, 2013. During the year ended December 31, 2013, the Company made principal repayments of \$490,000. During the three months ended March 31, 2013, the Company further renegotiated the terms whereby the Company would make staggered payments of the remaining principal balance plus accrued interest through to June 2014 (Notes 7 and 13).

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

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

In March 2013, the Company placed a bond of \$22,731 with the US Bureau of Land Management to permit the Company's drilling program at the Bell Mountain property.

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

The liability is summarized as follows:

	Three months ended March 31, 2014	Year ended December 31, 2013
	\$	\$
Opening balance	1,171,846	1,539,422
Initial recognition	-	-
Repayments	(227,130)	(490,000)
Accretion	15,759	110,574
Interest payable	11,319	11,850
Closing balance	971,794	1,171,846

Mexico

(d) La Bufa Property, Chihuahua

In February 2010, the Company purchased the 100% interest in La Bufa property by issuing 600,000 common shares, valued at \$1,770,000, and granting a 2% NSR on all future production from La Bufa to Almaden. The \$1,770,000 was capitalized as mineral property acquisition costs as at December 31, 2010. The Company had the option to buy down 1% of the NSR within one year following the decision to place the property into production, for a price to be determined at that time.

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

(e) Option agreement with Elgin Mining Inc.

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

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

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

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

5 Loans from directors

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

	Three months ended March 31, 2014	Year ended December 31, 2013
	\$	\$
Opening balance	1,087,409	43,784
Reclassified from accounts payable	-	25,000
Loans provided during the period	22,500	980,000
Interest accrued during the period	25,190	38,625
Closing balance	1,135,099	1,087,409

During the three months ended March 31, 2014, the Company received a \$22,500 unsecured demand loan from the President of the Company to fund the Company's current working capital requirements. The loan is currently unsecured and non-interest bearing, with no specific repayment schedule, as the terms are still being negotiated.

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

During the year ended December 31, 2013, the Company also received an additional \$300,000 of demand loan from a former director of the Company to fund the Company's current working capital requirements. The loan bears interest at 10% per annum, calculated and payable on the first day of each month. Under the terms of the loan, the Company has granted a security interest in the Company's portion of the proceeds from any future sale of the La Bufa property to this director. The Company also received an advance of \$30,000 with no specific terms of repayment from the same individual.

During the year ended December 31, 2013, an advance of \$25,000 from the president of the Company was reclassified from accounts payable during the year. The loan is unsecured, bears interest at 5% annually and has no specific terms of repayment.

LINCOLN MINING CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited)

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

6 Convertible debenture

In November 2012, the Company issued a convertible debenture (“Debenture”) to a related party in an aggregate principal amount of \$2,300,000, which is due on November 22, 2015. The Debenture is convertible at any time, in whole or in part at the election of the holder, into up to 2,300,000 common shares of the Company on the basis of one common share for each \$1.00 (post-consolidation) of principal. The Debenture bears interest at the rate of 6% per annum, calculated payable monthly, on the outstanding principal amount. The Debenture is secured by a general security agreement granted by the Company.

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

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

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

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

	Period ended March 31, 2013	Year ended December 31, 2013
	\$	\$
Balance, beginning of the year	2,155,138	2,089,719
Accretion of debt discount	144,862	65,419
Repayment (Note 7)	(2,300,000)	-
Closing balance	-	2,155,138

Interest expense in amount of \$175,053 was paid when the convertible debenture was repaid on February 28, 2014 (Note 7).

7 Promissory note

On February 28, 2014, the \$2,300,000 convertible debenture held by Procon (plus approximately \$175,000 in accrued interest), was repaid in full and discharged using funds advanced to the Company through unsecured, non-convertible loans from companies controlled by two directors of the Company (the “Loan”) (Note 6). The Loans bear interest at a rate of 6% per annum, payable monthly commencing April 1, 2014 for a term of five years at which point the principal amount owing under the Loans is due. Concurrent with the transaction, the two directors resigned from the Company.

During the three months ended March 31, 2014, the Company also received advances of \$468,145 from certain parties, of which \$227,130 was paid to Laurion pursuant to the terms of the 2014 amendment of the acquisition of the Bell Mountain property (Note 4c). Subsequent to March 31, 2014, the Company received further advances of \$600,855, of which \$122,284 was paid to Laurion (Note 13). The advances relate to a \$1,029,000 unsecured loan from Golden Dreams Limited Partnership, the general partner of which is controlled by Mr. Ronald K. Netolitzky, a control person of the Company (Note 13).

LINCOLN MINING CORPORATION
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8 Related party transactions

The following transactions were carried out with related parties:

Key management personnel – services rendered and other compensation

Key management includes offices and directors – executive and non-executive. The compensation paid or payable to key management personnel for the services rendered during the three month period ended March 31, 2014 and 2013 is following:

	Three month ended March 31, 2014	Three month ended March 31, 2013
	\$	\$
Directors fees	6,000	272
Management fees	27,000	27,000
Exploration expenses	69,122	59,331
Administrative support	8,095	5,673
Total	110,217	92,276
Outstanding balance included in accounts payable:	302,115	26,216

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.

9 Share capital and reserves

a) Authorized share capital

As at March 31, 2014, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares are fully paid.

b) Capital Reserves

	Capital reserve - options	Capital reserve - warrants	Capital reserve – convertible debenture	Total
	\$	\$	\$	\$
Balance as at December 31, 2013	985,639	122,871	215,386	1,323,896
Balance as at March 31, 2014	985,639	122,871	215,386	1,323,896

LINCOLN MINING CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited)

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

c) Stock options

As at March 31, 2014, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
240,000	1.90	September 29, 2014
5,000	2.90	January 28, 2015
60,000	2.90	March 3, 2015
35,000	2.20	June 4, 2015
60,000	1.90	December 15, 2015
12,500	2.10	December 20, 2015
412,500		

Stock option transactions for the three months ended March 31, 2014 and for the year ended December 31, 2013 are summarized as follows:

	Three months ended March 31, 2014		Year ended December 31, 2013	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
		\$		\$
Balance, beginning of period	442,500	2.10	720,000	2.10
Expired	-	-	(42,500)	2.00
Forfeited	(30,000)	1.90	(235,000)	2.10
Balance, end of period	412,500	2.09	442,500	2.10
Options exercisable, end of period	412,500	2.09	442,500	2.10

d) Warrants

As at March 31, 2014 and December 31, 2013, the Company had no outstanding warrants.

Warrant transactions for the three months ended March 31, 2014 and for the year ended December 31, 2013, are summarized as follows:

	Three months ended March 31, 2014		Year ended December 31, 2013	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
		\$		\$
Balance, beginning of period	-	-	783,464	2.30
Issued warrants	-	-	-	-
Cancelled	-	-	-	-
Expired	-	-	(783,464)	2.30
Balance, end of the period	-	-	-	-

LINCOLN MINING CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited)

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

10 Financial instruments. Risk management.

Capital risk management

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

Foreign exchange risk

The Company's operations in the United States and Mexico expose the Company to foreign exchange risk. The Company is subject to currency risk due to the fluctuations of exchange rates between the Canadian and US dollars, as well as the Canadian dollar and Mexican pesos. The Company does not believe it is exposed to significant foreign exchange risk.

Credit risk

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

Interest rate risk

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

Liquidity risk

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

Price risk

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

LINCOLN MINING CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited)

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

11 Commitments

In addition to commitments disclosed elsewhere in the interim consolidated financial statements, pursuant to a premises lease, the Company's minimum annual commitments as at March 31, 2014 are as follows:

No later than 1 year	\$ 60,925
Later than 1 year and no later than 5 years	\$ 13,395

12 Segmented information

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

	Non-current assets
	\$
December 31, 2013	
Exploration and evaluation of mineral properties	3,074,618
Corporate	53,562
	3,128,180
March 31, 2014	
Exploration and evaluation of mineral properties	3,073,203
Corporate	53,994
	3,127,197

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

	Non-current assets
	\$
December 31, 2013	
United States of America	3,080,397
Mexico	-
Canada	47,783
	3,128,180
March 31, 2014	
United States of America	3,082,033
Mexico	-
Canada	45,164
	3,127,197

LINCOLN MINING CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements
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(All amounts are in Canadian Dollars, unless otherwise stated)

13 Subsequent events

Subsequent to March 31, 2014, the Company received further advances of \$600,855 from certain parties, of which \$122,284 was paid to Laurion pursuant to the terms of the 2014 amendment of the acquisition of the Bell Mountain property (Notes 4c and 7). The advances relate to a \$1,029,000 unsecured loan from Golden Dreams Limited Partnership, the general partner of which is controlled by Mr. Ronald K. Netolitzky, a control person of the Company (Note 7) (the "Loan").

The Loan is unsecured and evidenced by a promissory note with the principal payable at the end of a two year term expiring May 7, 2016. Commencing November 7, 2014, the note bears interest at 6% per annum, calculated and payable on the first day of each month during the remainder of the term, with the first interest payment due on December 1, 2014. The Company may prepay the principal, in whole or in part, at any time without penalty.

In May 2014, the Company consolidated the Company's common shares on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares. All figures in the interim consolidated financial statements are adjusted to reflect the 10:1 share consolidation.



FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) AS OF MARCH 31, 2014 TO ACCOMPANY THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF LINCOLN MINING CORPORATION (THE "COMPANY" OR "LINCOLN") FOR THE QUARTER ENDED MARCH 31, 2014.

This Management's Discussion and Analysis ("MD&A"), which has been prepared as of May 29, 2014, should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 2014. All financial amounts are stated in Canadian currency unless stated otherwise.

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

1. Overview

Lincoln Mining Corporation (the "Company") is incorporated under the Business Corporations Act, British Columbia. The Company's head and registered office, principal address and records is Suite 350 – 885 Dunsmuir Street, Vancouver, British Columbia, Canada, V6C 1N5. The Company is listed on the TSX Venture Exchange ("TSX-V: LMG") and Frankfurt Stock Exchange ("ZMG").

Lincoln Mining Corp. is a precious metals exploration and development company with several projects in various stages of exploration, development and permitting which include the Pine Grove and the Bell Mountain gold properties in Nevada, USA, the Oro Cruz gold property in California, USA and the La Bufa gold-silver property in Chihuahua, Mexico. In the United States, the Company operates under its subsidiaries, Lincoln Gold US Corp and Lincoln Resource Group Corp.

The Company's intention and strategies are to continue to advance its projects, with a long term goal of building Lincoln into a mid-tier gold producer. The Company's immediate objective is to become a precious metals producer within two years, with increasing production each year after that.

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

Procon Mining and Tunnelling Divestment

In February 2014, Procon Mining and Tunnelling Ltd. ("Procon") completed the divestment of its interests in Lincoln pursuant to the Order ("Order") issued by the Committee on Foreign Investment in the United States in June 2013. Mr. Ronald K. Netolitzky, a Canadian mining entrepreneur, acquired Procon's 46,000,000 common shares of Lincoln through a private sale at approximately \$0.01127 per share for a total purchase price of \$518,420.

In addition, the \$2,300,000 convertible debenture held by PRI (plus approximately \$175,000 in accrued interest), was amended to remove the conversion feature, then was repaid in full and discharged using funds advanced to Lincoln through unsecured, non-convertible loans from companies controlled by two directors of Lincoln (the "Loans"). The Loans bear interest at a rate of 6% per annum, payable monthly commencing April 1, 2014 for a term of five years at which point the principal amount owing under the Loans is due. Concurrently, these two directors resigned.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ended March 31, 2014

(in Canadian dollars, unless otherwise stated)

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

Bell Mountain Project acquisition

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

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

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

Other exploration and evaluation activity

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

Director Changes

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

On May 2, 2014, the Company reported that it proposes to consolidate its common shares on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares. The 10:1 consolidation was effective as of market open on May 16, 2014.

On May 10, 2014 the Company received a \$1,029,000 loan from Golden Dreams Limited Partnership (the "Loan"), the general partner of which is controlled by Mr. Ronald K. Netolitzky, a control person of the Company (see Lincoln's news release dated March 3, 2014 for further details). The Loan is unsecured and evidenced by a promissory note with the principal payable at the end of a two year term expiring May 7, 2016. Commencing November 7, 2014, the note bears interest at 6% per annum, calculated and payable on the first day of each month during the remainder of the term, with the first interest payment due on December 1, 2014. The Company may prepay the principal, in whole or in part, at any time without penalty.

**FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ended March 31, 2014**

(in Canadian dollars, unless otherwise stated)

2. Results of Operations

Results of Operations – For the three months ended March 31, 2014

For the three months ended March 31, 2014, the Company incurred an operational loss of \$576,548 (2013: \$827,276). Significant expenses included exploration expenses of \$163,240 (2013: \$321,893); professional fees (legal and audit) of \$37,015 (2013: \$138,482); office maintenance of \$49,801 (2013: \$52,861); administrative support of \$31,781 (2013: \$52,355); consulting and management fees of \$41,095 (2013: \$27,272) and interest expense of \$222,871 (2013: \$88,322).

The decrease in professional fees was mainly caused by reduction in legal costs incurred in 2013 in relation with CFIUS process and legal costs caused by the dispute with Elgin Mining Inc. Due to cash restraint, the Company decreased its costs related to investor relations and shareholder services compared to 2013. Similarly, the Company experience slight decrease in administrative support and consulting and office maintenance. Consulting and management fees increase slightly as a result of corporate restructuring and bringing on new members to the executive team.

The significant increase in interest expense was caused by the interest incurred in relation to the outstanding liabilities for Bell Mountain acquisition and the convertible debenture which was fully repaid to Procon during the three months ended March 31, 2014.

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

Exploration expenses (recoveries)	Pine Grove	Oro Cruz	Bell Mountain	La-Bufa	Other properties (refunds)	Total
	\$	\$	\$	\$	\$	\$
Three months ended March 31, 2014	60,056	48,692	54,492	-	-	163,240
2013 , (IFRS reporting)	326,388	119,081	1,200,383	87,646	32,150	1,765,648
2012 , (IFRS reporting)	234,525	247,285	100,461	402,810	7,590	992,671
2011 , (IFRS reporting)	610,664	404,483	-	1,240,844	11,288	2,267,279
2010 , (IFRS reporting)	1,609,436	310,637	-	472,534	1,645	2,394,252
2009 , (Canadian GAAP)	553,319	7,586	-	121,861	(7,898)	674,868
2008 , (Canadian GAAP)	509,333	-	-	1,501,906	14,347	2,025,586
2007 , (Canadian GAAP)	154,145	-	-	163,705	25,287	343,137
	4,057,866	1,137,764	1,355,336	3,991,306	84,408	10,626,681
Less recoveries	-	(328,765)	-	(1,051,735)	-	(1,380,500)
Total exploration expenses incurred	4,057,866	808,999	1,355,336	2,939,571	84,408	9,246,181

**FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
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(in Canadian dollars, unless otherwise stated)

Summary of Quarterly Results:

2014 Quarterly Results:	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
	\$	\$	\$	\$
Revenue	-	-	-	-
Exploration expenses	-	-	-	163,240
Administrative expenses (incl. interest expense)	-	-	-	413,308
Loss and comprehensive loss	-	-	-	576,548
Basic and diluted loss per share	-	-	-	(0.04)
Total assets	-	-	-	3,245,298
Working capital (deficiency)	-	-	-	(3,064,089)

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

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

FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ended March 31, 2014

(in Canadian dollars, unless otherwise stated)

The administrative expenses for three months ended March 31, 2014 in amount of \$413,308 (2013: \$505,383) comprise of the following: professional fees (legal and audit) of \$37,015 (2013: \$138,482), investor relations and shareholder services of \$6,946 (2013: \$109,831), office maintenance of \$49,801 (2013: \$52,861), administrative support of \$31,781 (2013: \$52,355), consulting and management fees of \$41,095 (2013: \$27,272), travel costs of \$2,252 (2013: \$8,115), depreciation of \$1,841 (2013: \$2,673), foreign exchange loss of \$19,706 (2013: \$25,472) and interest expense of \$222,871 (2013: \$88,322)

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

Interest expense increased as a result of the Company fully repaying the convertible debt on February 28, 2014. Debt discount previously recognized on the convertible debt was fully amortized on the date of the repayment.

3. Project Summaries and Activities

PROJECTS - Overview

Pine Grove Property, Nevada – In December 2011, Lincoln announced a positive Preliminary Economic Assessment (“PEA”) on the proposed open-pit mining and heap-leach operation at its Pine Grove project. The PEA reports a combined total Measured and Indicated gold resource of 203,900 ounces gold and Inferred gold resources of 43,100 ounces (see table in Pine Grove Property discussion). Metallurgical work was completed in Q3 and reports were issued in mid-October 2013. All new field work was halted in Q3 owing to the CFIUS order which has now been lifted. Permitting work has been reactivated and geotechnical work is planned.

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

Oro Cruz Property, California - The Oro Cruz property has excellent potential for open-pit and underground mining. An Inferred resource for the project was reported in a NI 43-101 Technical Report in September 2010. Lincoln's immediate goal is to increase and advance the 376,600 Inferred ounces gold to Measured and Indicated categories by confirmation drilling. No significant work was completed in early 2013 due to arbitration with Elgin Mining which has now been resolved. Additionally, no work was completed in Q3 and Q4 of 2013 due to the CFIUS order which has now been lifted. Lincoln is now free to advance the project towards production. New funding will be required for the confirmation program.

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



**FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ended March 31, 2014**

(in Canadian dollars, unless otherwise stated)

UNITED STATES

Pine Grove Gold Property, Lyon County, Nevada

Pine Grove – Overview:

The Pine Grove Property continues as a development-stage gold project with potential for near-term production. The project lies approximately 20 miles south of Yerington, in the Pine Grove Hills, Lyon County, Nevada. The Company has mining leases on the Wilson and Wheeler mines (patented claims) and 221 unpatented claims owned directly by Lincoln. The Company's land position covers the main gold mineralization in the district, exploration targets and adequate land for mine facilities.

Two hundred seventy-three holes have been drilled in the district. On March 21, 2011, Lincoln filed an updated NI 43-101 reporting Indicated resources of 177,000 ozs gold at an average grade of 0.033 opt gold and Inferred resources of 115,000 ozs gold at an average grade of 0.028 opt gold, both at a cutoff grade of 0.010 opt gold.

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

Pine Grove – Location:

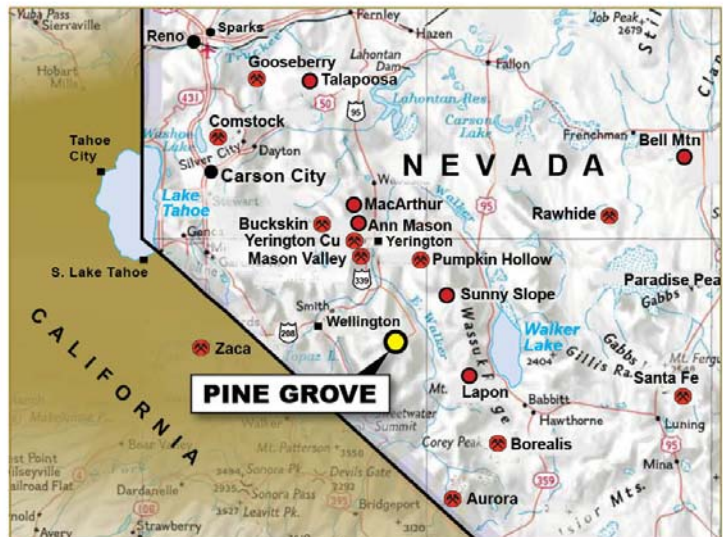
The Pine Grove gold property is located in the Pine Grove Hills, approximately 20 miles south of the town of Yerington, Nevada. Pine Grove is the Company's most advanced property. The property consists of the Wheeler gold deposit and the nearby Wilson gold deposit with immediate exploration potential on intervening and surrounding ground. The Company intends to develop additional resources and advance the project to production.

Pine Grove – Geology & Mineralization:

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

Pine Grove - Technical Report

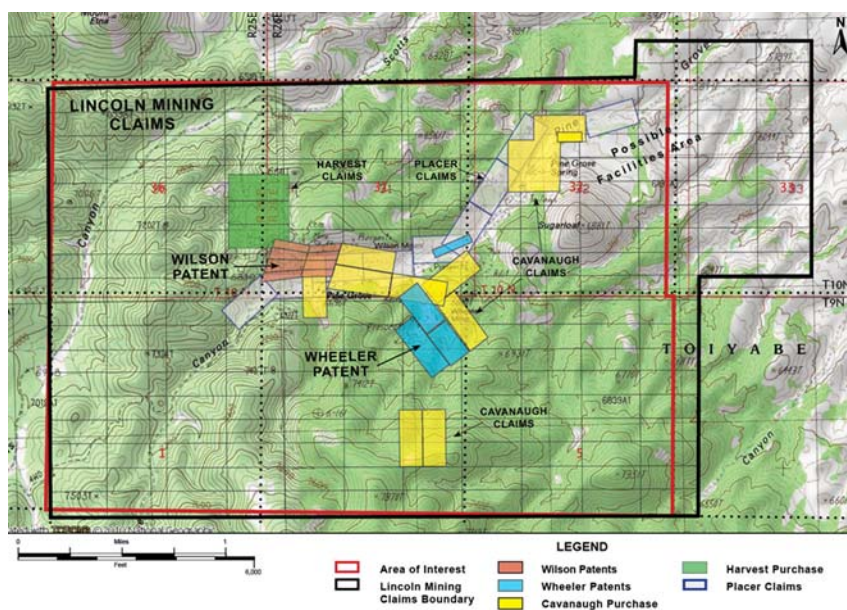
Tetra Tech, Inc. in Golden, Colorado completed a technical report dated March 16, 2011, which is compliant with Canadian National Instrument 43-101. The report was filed on SEDAR (www.sedar.com) on March 21, 2011 under the Company's profile. See below.



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Pine Grove – Resources



**Total Measured and Indicated Gold Resources at Pine Grove
At 0.007 opt Au cutoff (as at December 8, 2011)**

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

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

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

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

Pine Grove – Recent Activities

Permitting work has recently been reactivated to include the following:

- Submission of a Plan of Operation to the U.S. Forest Service for geotechnical drilling, condemnation drilling, monitor well drilling, water well test drilling, and various geotechnical work.
- Submission of a Reclamation Plan to the Nevada Bureau of Mine Regulations and Reclamation.
- Habitat evaluation and wildlife surveys including raptors, bats, and bi-state sage-grouse
- Threatened, endangered, sensitive, and non-native species surveys

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Additional work will include expanded archaeological surveys and hydrologic basin analysis. Also, some additional geochemical testing for acid-base accounting and meteoric water mobility is planned.

Lincoln plans to advance the Pine Grove project to an open-pit mine with heap-leach gold recovery.

Bell Mountain Gold-Silver Property, Churchill County, Nevada

Bell Mountain – Overview:

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

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

Bell Mountain – Location:

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

Bell Mountain is located approximately 65 straight line miles northeast of Lincoln's Pine Grove project.

Bell Mountain – Geology:

The Bell Mountain project is located in the Basin and Range physiographic province and within the Walker Lane Mineral Trend, which hosts major precious metals deposits. The Bell Mountain gold-silver mineralization is structurally controlled and consists of various epithermal calcite/quartz veins hosted within the Tertiary Bell Mountain Caldera. To date, three main bodies of gold-silver mineralization have been defined by drilling. These are the Spurr, Varga and the Sphinx deposits. Additional potential exists at East Ridge.

Bell Mountain – Agreements:

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

The Company renegotiated the payment schedule for the Bell Mountain project whereby principal repayments outstanding at September 30, 2013 would accrue interest at a rate of 4% per annum and would be due in full by December 31, 2013. During the year the Company made principal repayments of



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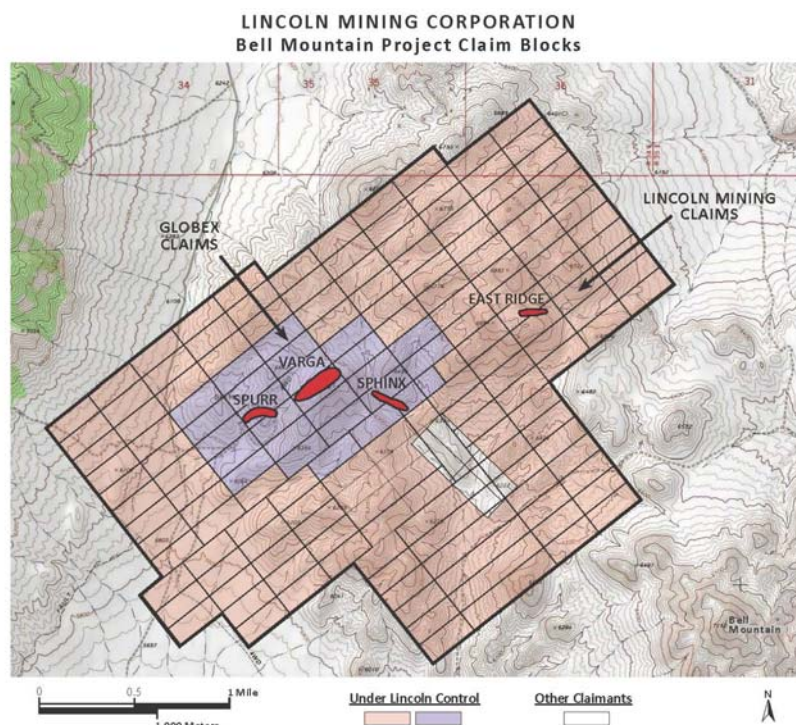
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\$490,000. The Company further renegotiated the terms whereby the Company would make staggered payments of the remaining principal balance plus accrued interest through to June 2014.

The Bell Mountain property is also subject to two royalties which will take effect upon commencement of commercial production. See year end MDA for details.

Bell Mountain – Work & Claims:

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



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

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

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

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

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

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Bell Mountain – Recent Activities:

Work in 2014 will focus on completing infill/edge drilling, geotechnical work, metallurgical work, and permitting. Metallurgical core samples are presently being held by McClelland Laboratories in Reno, NV for column leach tests later this year. Biological surveys are expected to commence soon.

Lincoln intends to advance the Bell Mountain property to an open-pit mine with heap-leach recovery to gold and silver.

Oro Cruz Gold Property, Imperial County, California

Oro Cruz – Overview:

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

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

Oro Cruz – Location:

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



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Oro Cruz – Geology & Mineralization:

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

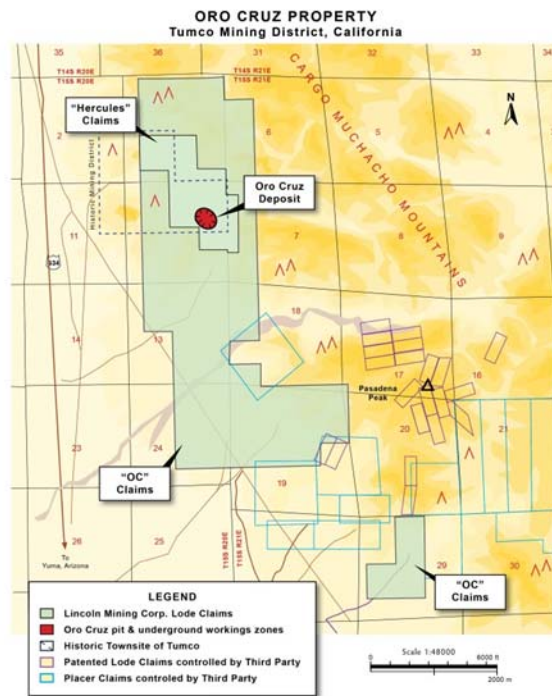
Oro Cruz – Agreements & Claims:

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

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

Oro Cruz – Work:

The Oro Cruz data base consists of 431 surface drill holes and 60 underground drill holes. In addition, there is information from 13,628 blast holes and 2,960 underground samples. The data base contains 17,586 assays plus assays from 1,684 surface samples. In January 2010, these data, along with geologic information, were provided to Tetra Tech, Inc. of Golden, Colorado for preparation of a technical report compliant with Canadian National Instrument 43-101. The final report was submitted to the Company on September 21, 2010. A resource summary for Oro Cruz is presented in the table below.



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Oro Cruz Gold Resources – September 2010

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

MEXICO

La Bufa Gold-Silver Property, Chihuahua, Mexico

La Bufa – Overview:

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

Past core drilling by Lincoln in 2008 and by Grid Capital in 2004 produced encouraging results. Widely spaced core drilling was conducted to get a better perspective of vein system on the property.

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

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

La Bufa – Location:

The La Bufa gold-silver property is located in the Sierra Madre Occidental in the far southwestern corner of the State of Chihuahua, Mexico, near the small town and mining district of Guadalupe y Calvo. La Bufa is comprised of four mining concessions totaling 2,311.1 hectares (5,711 acres) which cover much of the northwest-trending zone of gold-silver mineralization.

La Bufa – Claims & History

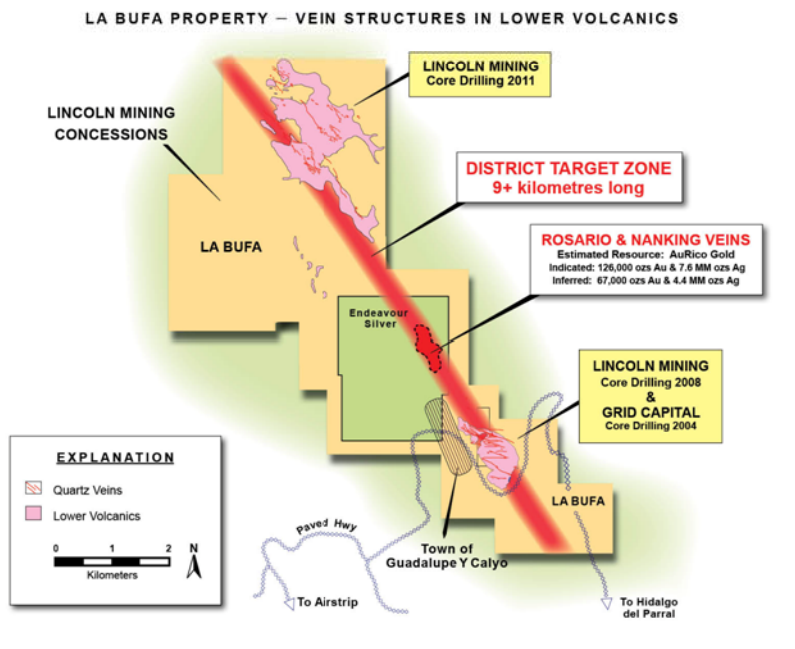
Lincoln originally held the La Bufa Property under a Joint Venture agreement with Almaden Minerals through their Mexican subsidiary Minera Gavilan, S.A. de C.V. In February 2010, Lincoln acquired 100% interest in La Bufa by issuing to Almaden six million shares and granting to Almaden a 2% NSR on all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

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La Bufa – Geology & Mineralization

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



Summary of Anomalous Gold and Silver in La Bufa Core Holes.

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

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

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

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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4. Outstanding Share Data

On May 16, 2014, the Company effected a 10:1 consolidation such that the Company's issued and outstanding common shares are 15,886,020 as at the date of this report.

Similarly, the Company now has a total of 412,500 outstanding options with exercise prices from \$1.90 to \$2.90.

5. Related Party Transactions

The following transactions were carried out with related parties:

Key management personnel – services rendered and other compensation

Key management includes officers and directors – executive and non-executive. The compensation paid or payable to key management personnel for the services rendered during the three month period ended March 31, 2014 and 2013 is following:

	Three month ended March 31, 2014	Three month ended March 31, 2013
	\$	\$
Directors fees	6,000	272
Management fees	27,000	27,000
Exploration expenses	69,122	59,331
Administrative support	8,095	5,673
Total	110,217	92,276
Outstanding balance included in accounts payable:	302,115	26,216

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.

Loans from directors

During the three months ended March 31, 2014, the Company received a \$22,500 unsecured demand loan from the President of the Company to fund the Company's current working capital requirements. The loan is currently unsecured and non-interest bearing, with no specific repayment schedule, as the terms are still being negotiated.

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

During the year ended December 31, 2013, the Company also received an additional \$300,000 of demand loan from a former director of the Company to fund the Company's current working capital requirements. The loan bears interest at 10% per annum, calculated and payable on the first day of each month. Under the terms of the loan, the Company has granted a security interest in the Company's portion of the proceeds from any future sale of the La Bufa property to this director. The Company also received an advance of \$30,000 with no specific terms of repayment from the same individual.

During the year ended December 31, 2013, an advance of \$25,000 from the president of the Company was reclassified from accounts payable during the year. The loan is unsecured, bears interest at 5% annually and has no specific terms of repayment.

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In February 2014, the \$2,300,000 convertible debenture held by Procon (plus approximately \$175,000 in accrued interest), was repaid in full and discharged using funds advanced to Lincoln through unsecured, non-convertible loans from companies controlled by two directors of Lincoln (the "Loans"). The Loans bear interest at a rate of 6% per annum, payable monthly commencing April 1, 2014 for a term of five years at which point the principal amount owing under the Loans is due.

In May 2014, the Company received a C\$1,029,000 loan (the "Loan") from Golden Dreams Limited Partnership ("GDLP"), the general partner of which is controlled by Mr. Ronald K. Netolitzky, a control person of the Company (see Lincoln's news release dated March 3, 2014 for further details).

The Loan is unsecured and evidenced by a promissory note with the principal payable at the end of a two year term expiring May 7, 2016. Commencing November 7, 2014, the note bears interest at 6% per annum, calculated and payable on the first day of each month during the remainder of the term, with the first interest payment due on December 1, 2014. The Company may prepay the principal, in whole or in part, at any time without penalty.

6. Liquidity and Solvency

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

	March 31, 2014	December 31, 2013
	\$	\$
Cash	98,147	43,958
Working capital (deficiency)	(3,064,089)	(3,279,296)
Long-term debt	3,015,044	2,224,272
	Three months ended March 31, 2014	Three months ended March 31, 2013
	\$	\$
Cash used in operating activities	(384,380)	(639,580)
Cash used in investing activities	-	(22,975)
Cash provided by financing activities	438,569	-
Change in cash	54,189	(662,555)

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

7. Commitments

In addition to commitments disclosed in the current document, pursuant to a premises lease, the Company's minimum annual commitments as at March 31, 2014 are as follows:

No later than 1 year	\$ 60,925
Later than 1 year and no later than 5 years	\$ 13,395

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8. Capital Resources

The Company's capital resources as at March 31, 2014 included cash. The Company's primary sources of funding are equity financing through the issuance of stock, debt financing. The Company has no operations that generate cash flows and its long term financial success is dependent on discovering properties that contain mineral reserves that are economically recoverable.

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

Capital risk management

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

9. Off-Balance Sheet Arrangements

None.

10. Proposed Transactions

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

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

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations, and may require management to make judgements or rely on assumptions about matters that are inherently uncertain. The interim condensed consolidated financial statements for the three months ended March 31, 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2013.

The accounting policies followed in these interim financial statements are consistent with those applied in the Company's most recent annual financial statements for the year ended December 31, 2013.

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Critical Accounting Estimates and Judgments

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

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

Recoverability of mineral property interests

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

Company's title on mineral property interests

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

Income taxes

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

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

12. Financial Instruments

Categories of financial instruments

	March 31, 2014	December 31, 2013
	\$	\$
Financial assets *		
<i>Loans and receivable</i>		
Cash	98,147	43,958
	<u>98,147</u>	<u>43,958</u>
Financial liabilities		
Current		
<i>Amortized at cost</i>		
Accounts payable and accrued liabilities	1,075,297	1,091,064
Loans from directors	1,135,099	1,087,409
Debt and borrowings	971,794	1,171,846
Non-current		
<i>Amortized at cost</i>		
Convertible debenture	-	2,155,138
Promissory note	2,943,199	-
	<u>6,125,389</u>	<u>5,505,457</u>

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

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

Fair value

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

Foreign exchange risk

The Company's operations in the United States and Mexico expose the Company to foreign exchange risk. The Company is subject to currency risk due to the fluctuations of exchange rates between the Canadian and US dollar, as well as the Canadian dollar and Mexican peso. The Company does not believe it is exposed to significant foreign exchange risk.

Credit risk

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

Interest rate risk

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

Liquidity risk

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

Price risk

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

13. Risks and Uncertainties

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

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

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ended March 31, 2014

(in Canadian dollars, unless otherwise stated)

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

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

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

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

14. Trends

Trends in the industry can materially affect how well any junior exploration company is performing. There are two trends that seem to affect the well-being of junior miners. One is the price of the commodity, which is being produced and the other is the general market condition. Over the last few years the trend in the prices of precious metals, in particular gold and silver, has been upward on the spot basis as well as the average trailing prices of the metals. Lincoln management believes that gold and silver prices will continue their general upward trend and that the prices will remain reasonably consistent during 2014. The other aspect is the general stock market conditions. Unfortunately, the junior mining sector has been under tremendous negative pressure in the market and this condition is expected to continue. Lincoln is committed to advance its properties to production as quickly as possible to get into a cash flow position.

15. Outlook

The outlook for precious metals appears to be upward. Lincoln's advanced-stage properties, Pine Grove, Bell Mountain and Oro Cruz, will require significant investment as they transition into development stage projects. Staff and contractor requirements are expected to increase as Lincoln fast-tracks these properties to production. Because of the Procon/Camce investment into the Company, Lincoln should be able to continue as a viable entity. Lincoln management believes that the Company is on its way to becoming a new junior gold-silver producer in the United States, where there is no threat to mineral tenure or repatriation of mining profits.

Cautionary Statement

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