LINCOLN MINING CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, 2014 and 2013

Table of Contents

Management's Responsibility for Consolidated Financial Statements

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

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

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

"*Eugene Beukman*"

Chief Financial Officer
Vancouver, Canada

April 29, 2015

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Lincoln Mining Corp.

We have audited the accompanying consolidated financial statements of Lincoln Mining Corp., which comprise the consolidated statements of financial position as at December 31, 2014 and 2013 and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' deficiency for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Lincoln Mining Corp. as at December 31, 2014 and 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

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

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Accountants

April 29, 2015

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

	Notes	As at December 31, 2014	As at December 31, 2013
		$	$
Assets			
Current assets			
Cash		-	43,958
Other receivables	4	26,636	3,831
Available-for-sale investments	5	103,091	-
Prepaid expenses	6	13,719	23,234
		143,446	71,023
Non-current assets			
Reclamation bond	8(c)	-	21,873
Equipment	7	7,289	13,999
Deposits	6	36,628	44,678
Mineral properties	8	-	3,047,630
		43,917	3,128,180
Total assets		**187,363**	**3,199,203**
Liabilities and shareholders' deficiency			
Current liabilities			
Accounts payable and accrued liabilities		1,463,413	1,091,064
Loans from directors	10	1,214,119	1,087,409
Promissory notes	12	400,000	-
Property acquisition liability	8(c)	769,095	1,171,846
		3,846,627	3,350,319
Non-current liabilities			
Convertible debenture	11	-	2,155,138
Promissory notes	12	2,586,940	-
Provision for environmental rehabilitation	9	75,406	69,134
		2,662,346	2,224,272
Total liabilities		**6,508,973**	**5,574,591**
Shareholders' deficiency			
Share capital	14	21,184,769	20,155,769
Capital reserves	14	1,559,689	1,323,896
Accumulated other comprehensive loss		(95,091)	-
Deficit		(28,970,977)	(23,855,053)
Total shareholders' deficiency		**(6,321,610)**	**(2,375,388)**
Total liabilities and shareholders' deficiency		**187,363**	**3,199,203**

Nature of operations (Note 1)
Subsequent events (Note 20)

Approved and authorized by the Board on April 29, 2015.

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

LINCOLN MINING CORPORATION
Consolidated Statements of Loss and Comprehensive Loss

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

	Notes	Year ended December 31, 2014	Year ended December 31, 2013
		$	$
Exploration expenses	**8**	**675,741**	**1,765,648**
Impairment provision for mineral properties	**8**	**3,047,630**	**1,833,153**
Recovery of mineral properties previously impaired	**8(d)**	**(219,600)**	**-**
Write-off of reclamation bond	**8(c)**	**23,857**	**-**
Administrative expenses			
Administrative support		141,155	203,336
Consulting and management fees		184,590	163,521
Depreciation		6,710	10,683
Foreign exchange loss		18,750	14,772
Investor relations and shareholder services		67,387	171,538
Office maintenance		222,182	235,647
Professional fees		223,722	498,968
Settlement of dispute	**8(d)**	-	350,000
Share-based compensation	**14(d)**	235,793	-
Travel		19,188	24,787
		1,119,477	**1,673,252**
Finance expenses (income)			
Interest income		(231)	(258)
Interest expense		469,050	376,960
		468,819	**376,702**
Loss for the year		**5,115,924**	**5,648,755**
Other comprehensive loss			
Unrealized loss on available-for-sale investments	**5**	95,091	-
Comprehensive loss for the year		**5,211,015**	**5,648,755**
Basic and diluted loss per common share		$ (0.30)	$ (0.36)
Weighted average number of common shares outstanding		**17,239,226**	**15,886,020**

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

	Year ended December 31, 2014	Year ended December 31, 2013
	$	$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the year	**(5,115,924)**	**(5,648,755)**
Items not affecting cash:		
Impairment provision for mineral properties	3,047,630	1,833,153
Impairment provision for reclamation bond	23,857	-
Recovery of mineral properties previously impaired	(219,600)	-
Exploration expenses paid with Endeavour shares	21,418	-
Accrued interest expense	469,050	227,630
Depreciation	6,710	10,683
Share-based compensation	235,793	-
Unrealized loss on foreign exchange	4,769	10,627
Changes in non-cash working capital items:		
Increase in accounts payable and accrued liabilities	521,693	851,294
Decrease in prepaid	9,515	170,712
(Increase) decrease in other receivables	(22,805)	57,903
Net cash used in operating activities	**(1,017,894)**	**(2,486,753)**
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of water rights	-	(24,589)
Purchase of equipment	-	(10,018)
Reclamation bond	-	(21,873)
Deposits	8,050	-
Net cash used in investing activities	**8,050**	**(56,480)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Promissory notes issued for cash	3,944,054	-
Payment of property acquisition liability	(487,414)	(490,000)
Payment of convertible debenture	(2,300,000)	-
Payment of promissory note	(40,000)	(104,940)
Interest paid	(175,054)	-
Loans from directors	24,300	980,000
Net cash provided by financing activities	**965,886**	**385,060**
Net change in cash for the year	(43,958)	(2,158,173)
Cash, beginning of the year	43,958	2,202,131
Cash, end of the year	**-**	**43,958**

Supplemental cash flow information (Note 16)

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

	Number of shares	Share capital	Capital reserves	Accumulated other comprehensive loss	Deficit	Total
		$	$	$	$	$
Balance at December 31, 2012	**15,886,021**	**20,155,769**	**1,323,896**	**-**	**(18,206,298)**	**3,273,367**
Loss for the year	-	-	-	-	(5,648,755)	(5,648,755)
Balance at December 31, 2013	**15,886,021**	**20,155,769**	**1,323,896**	**-**	**(23,855,053)**	**(2,375,388)**
Shares issued for debt	6,860,000	1,029,000	-	-	-	1,029,000
Share-based compensation	-	-	235,793	-	-	235,793
Unrealized loss on available-for-sale investments	-	-		(95,091)	-	(95,091)
Loss for the year	-	-	-	-	(5,115,924)	(5,115,924)
Balance at December 31, 2014	**22,746,021**	**21,184,769**	**1,559,689**	**(95,091)**	**(28,970,977)**	**(6,321,610)**

1 Nature of operations

Lincoln Mining Corporation (the “Company” or “Lincoln”) is incorporated under the Business Corporations Act, British Columbia. The Company’s head and registered office, principal address and records is Suite 350 – 885 Dunsmuir Street, Vancouver, British Columbia, Canada, V6C 1N5. The Company is a precious metals exploration and development company with several projects in various stages of exploration.

The consolidated financial statements of the Company for the years ended December 31, 2014 and 2013 comprise the Company and its subsidiaries (Note 2 (b)). These consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated. The Company is listed on the TSX Venture Exchange (“TSX-V: LMG”) and the Frankfurt Stock Exchange (“ZMG”).

2 Summary of significant accounting policies

(a) Basis of preparation

The consolidated financial statements of Lincoln Mining Corporation have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

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

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

Going concern assumption

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

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

Management recognizes that the Company will need to raise additional funds to maintain operations and while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

New and amended standards adopted by the Company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after January 1, 2014 that would be expected to have a material impact on the Company.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2015, and have not been applied in preparing these consolidated financial statements.

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

Financial instruments

IFRS 7 – Financial Instruments: Disclosure. IFRS 7 is amended for annual periods beginning on or after January 1, 2015 to require additional disclosures on transition from IAS 3 to IFRS 9. The Company is considering the potential impact on this amendment in 2015.

IFRS 9 – Financial Instruments: Classification and Measurement. IFRS 9 is a new standard that will replace IAS 39. IASB has tentatively decided to require an entity to apply IFRS 9 for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 9 introduces new requirements for the classification and measurement of financial instruments as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value and a debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows in the form of principal and interest. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2018, and has not yet considered the potential impact of the adoption of IFRS 9.

IAS 36, Impairment of Assets

IAS 36 is amended effective for annual periods beginning on or after July 1, 2014 to address disclosures required regarding the recoverable amount of impaired assets of cash generating units (CGUs) for periods in which the impairment loss has been recognized or reversed. As of the date of the financial statements, the Company has no impaired assets. There is no change expected to the financial presentation as a result of this amendment.

(b) Consolidation

Subsidiaries

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

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

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

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

(c) Segment reporting

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

(d) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

(e) Mineral properties

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

Exploration and evaluation expenditures

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

(f) Equipment

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

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

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

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

(g) Impairment of long-lived assets

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

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

(h) Financial assets

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

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

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

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

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

(i) Financial liabilities

Trade Payables

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

Borrowings

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

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

Compound financial instruments

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

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

(j) Share capital

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

(k) Earnings (loss) per share

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

(l) Share-based compensation

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

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

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

(m) Current and deferred income tax

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

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

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

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

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

(n) Provision

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

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

(o) Leases

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

(p) Related party transactions

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

3 Critical accounting estimates and judgements

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

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

Income taxes

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

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

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

Recoverability of mineral property interests

Management has determined that mineral property costs incurred, which were previously capitalized, have no future economic benefits and are no longer 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.

4 Other receivables

The Company's other receivables consist of:

	December 31, 2014	**December 31, 2013**
	$	**$**
Sales taxes recoverable	23,417	3,170
Accrued exploration recovery	3,219	661
Closing balance	**26,636**	**3,831**

5 Available-for-sale investments

On October 10, 2014, the Company closed the sale of the La Bufa property (Note 8(d)) to Endeavour Silver Corp. ("Endeavour") and received a net 40,587 Endeavour shares at a value of $198,182. As at December 31, 2014, the Company has recognized an unrealized loss on the shares of $95,091.

6 Prepaid expenses and deposits

The Company's current prepaid expenses are as follows:

	December 31, 2014	**December 31, 2013**
	$	**$**
Prepaid insurance	5,158	18,015
Advances to suppliers and retainer fees	8,561	5,219
Closing balance	**13,719**	**23,234**

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

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

	December 31, 2014	December 31, 2013
	$	$
Premises lease deposit	15,928	15,928
Restricted cash deposit	20,700	28,750
Closing balance	**36,628**	**44,678**

7 Equipment

	Mining equipment	Office and computer equipment	Vehicles	Total
	$	$	$	$
Cost				
Balance, December 31, 2012	11,804	15,844	22,211	49,859
Additions during 2013	6,820	3,198	-	10,018
Balance, December 31, 2013	18,624	19,042	22,211	59,877
Additions during 2014	-	-	-	-
Balance, December 31, 2014	**18,624**	**19,042**	**22,211**	**59,877**
Accumulated depreciation				
Balance, December 31, 2012	11,804	4,882	18,509	35,195
Depreciation for 2013	1,705	5,276	3,702	10,683
Balance, December 31, 2013	13,509	10,158	22,211	45,878
Depreciation for 2014	2,273	4,437	-	6,710
Balance, December 31, 2014	**15,782**	**14,595**	**22,211**	**52,588**
Carrying amounts				
As a December 31, 2013	5,115	8,884	-	13,999
As a December 31, 2014	**2,842**	**4,447**	**-**	**7,289**

8 Mineral properties

	United States		**Mexico**	
	Pine Grove	Bell Mountain	La Bufa	**Total**
	$	$	$	$
Balance, December 31, 2012	759,527	2,263,514	1,833,153	4,856,194
Acquisition of water rights	24,589	-	-	24,589
Impairment provision	-	-	(1,833,153)	(1,833,153)
Balance, December 31, 2013	784,116	2,263,514	-	3,047,630
Impairment provision	(784,116)	(2,263,514)	-	(3,047,630)
Balance, December 31, 2014	**-**	**-**	**-**	**-**

The impairment provision was recognized for the Pine Grove property to reflect the Company's declining working capital and inability to meet 2014 payment requirements to the underlying claim holders.

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

Subsequent to December 31, 2014, Laurion terminated the purchase agreement related to the Bell Mountain property and re-conveyed the property to Laurion by utilizing the quit claim agreement dated September 4, 2014. As a result, the Company recognized the impairment provision for the Bell Mountain property.

Exploration expenditures incurred during the year ended December 31, 2014:

	United States				Mexico	
	Pine Grove	Oro Cruz	Bell Mountain	Other	La Bufa	Total
	$	$	$	$	$	$
Option, lease and advance royalty payments	-	22,090	24,636	-	-	**46,726**
Contractors	56,831	43,133	45,511	3,313	-	**148,788**
Drilling and metallurgical	746	-	7,672	-	-	**8,418**
Field supplies	2,579	19	2,240	-	-	**4,838**
General administration	21,729	8,548	17,069	2,367	12,819	**62,532**
Geochemistry	37,753	21,378	(4,782)	1,878	2,252	**58,479**
Land maintenance	82,367	62,348	32,916	-	31,826	**209,457**
Permitting environment	115,171	-	18,114	-	-	**133,285**
Travel and accommodation	186	281	155	127	-	**749**
Vehicle operating	1,579	-	764	126	-	**2,469**
Total mineral property expenditures	**318,941**	**157,797**	**144,295**	**7,811**	**46,897**	**675,741**

Exploration expenditures incurred during the year ended December 31, 2013:

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

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, 2014 not paid).

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

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

The following lease payments must be made by the Company:
- US$10,000 upon signing the agreement (paid) and
- US$25,000 prior to each one year anniversary of the lease (Years 1-6 paid, 2014 not 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 (incurred for 2013 and 2014)

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

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

(iv) In August 2010, the Company and its wholly owned subsidiary Lincoln Gold US Corp ("Lincoln US") entered into a purchase agreement for Lincoln US to acquire unpatented mining claims and associated water rights (collectively known as the "Cavanaugh property") situated at the Company's Pine Grove project in Lyon County, Nevada. In consideration for the sale of the Cavanaugh property, the vendors have received a total of US$650,000 and 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 was capitalized as mineral property acquisition costs as at December 31, 2010.

The promissory note is summarized as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
	$	**$**
Value at issuance	-	361,685
Accretion interest	-	53,199
Payment	-	(400,320)
Changes in exchange rates	-	(14,564)
Closing balance	**-**	**-**

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

During the year ended December 31, 2014, the Company wrote-off the capitalized value of its Pine Grove property of $784,116.

(b) Oro Cruz Property, California

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

- US$50,000 on the execution date of the agreement (paid)
- US$50,000 by February 22, 2011 (paid)
- US$75,000 by February 22, 2012 (paid)
- US$75,000 by February 22, 2013 (paid)
- US$100,000 by February 22, 2014 ($50,000 paid)
- US$100,000 by February 22, 2015 (not paid)
- US$150,000 by February 22, 2016
- 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").

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 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 (paid), and
- $900,000 on or before five months after completion of the pre-feasibility study ($487,414 paid, see below for amendment).

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 and for the year ended December 31, 2014, made additional principal payments of $487,414.

In September 2014, Laurion agreed to amend the payment schedule on the outstanding balance to $75,000 per month to the end of the year. If the full amount owing to Laurion was not paid by the end of December 2014 then Laurion could either extend the payments to June 30, 2015 at a rate of $125,000 per month or require Lincoln to reassign its rights and interest in the Bell Mountain property to Laurion or Laurion could proceed with the legal claim for outstanding payment. Monthly payments include a $25,000 extension fee.

The Company was not able to make its monthly payments and, as a result, subsequent to December 31, 2014, Laurion terminated the purchase agreement related to the Bell Mountain property (Note 20). During the year ended December 31, 2014, the Company wrote-off the capitalized value of its Bell Mountain property of $2,263,514.

In March 2013, the Company placed a bond of US$20,565 with the US Bureau of Land Management to permit the Company's drilling program at the Bell Mountain property. During the year ended December 31, 2014, the Company wrote-off this reclamation bond as its was no longer considered recoverable.

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

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

The liability is summarized as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
	$	$
Opening balance	1,171,846	1,539,422
Repayments	(487,414)	(490,000)
Interest accrued during the period	84,663	122,424
Closing balance	**769,095**	**1,171,846**

Mexico

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. 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.

Option agreement with Elgin Mining Inc.

In March 2011, the Company entered into an option 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.

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

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

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

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

In August 2014, the Company entered into a purchase agreement with Endeavour for La Bufa, the proceeds of which will be split equally with Elgin. In October 2014, the Company closed the sale of the La Bufa property to Endeavour. The Company received 90,000 shares of Endeavour at a price of $4.88 per share. Pursuant to the settlement with Elgin, Elgin received 45,000 Endeavour shares. The 45,000 Endeavour shares received by the Company had a value of $219,600 which has been recorded as a recovery of mineral properties previously impaired.

In July 2014, Endeavour lent the Company US$19,000 at 5% per annum pursuant to a promissory note. Of the 45,000 shares issued to the Company, Endeavour withheld 4,413 shares to settle the promissory note plus accrued interest of $21,418.

9 Provisions

The Company's recognized a constructive provision for environmental rehabilitation relating to its Pine Grove Property road, which will require future cleanup costs estimated to be approximately US$70,000. Management expects that the cleanup costs would be incurred in the future, at the end of the expected useful life of the property, however, as the technical feasibility of Pine Grove Property has not been completed yet, the life of the property is uncertain at the reporting date. The provision represents best management estimates and includes the following assumptions: life-of-mine - 10 years; inflation rate – 1.8%, pre-tax risk-free interest rate - 4.4%.

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

The closing balance is summarized as follows:

	December 31, 2014	December 31, 2013
	$	$
Beginning balance	69,134	63,941
Additions	-	-
Changes in exchange rates	6,272	5,193
Closing balance	**75,406**	**69,134**

During the years ended December 31, 2014, and 2013 the finance costs in relation to the accretion of the provision are negligible.

10 Loans from directors

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

	Year ended December 31, 2014	Year ended December 31, 2013
	$	**$**
Opening balance	1,087,409	43,784
Reclassified from accounts payable	-	25,000
Loans provided during the year	24,300	980,000
Interest accrued during the year	102,410	38,625
Closing balance	**1,214,119**	**1,087,409**

During the year ended December 31, 2014, the Company received a $24,300 unsecured demand loan from the President of the Company to fund the Company's current working capital requirements. 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 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 Endeavour shares received from the sale of the La Bufa property. The loan was subsequently amended to allow the Company to sell the Endeavour shares. 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.

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

11 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 Debenture is carried at amortized cost using the effective interest method at a discount rate of 9.6%.

	Year ended December 31, 2014	**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 12)	(2,300,000)	-
Closing balance	**-**	**2,155,138**

Interest expense in amount of $175,054 was paid when the Debenture was repaid on February 28, 2014.

12 Promissory notes

On February 28, 2014, the $2,300,000 convertible debenture held by Procon Mining and Tunneling Ltd. and its affiliates (collectively, "Procon") (Note 11) (plus approximately $175,000 in accrued interest), was repaid in full and discharged using funds through promissory notes maturing February 28, 2019 from companies controlled by two directors of the Company (the "Loans"). The Loans bear interest at a rate of 6% per annum, payable monthly commencing April 1, 2014. Concurrent with the transaction, the two directors resigned from the Company. Accrued interest on these Loans at December 31, 2014 was $111,886.

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

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

13 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 years ended December 31, 2014 and 2013 were as follows:

	Year ended December 31, 2014	**Year ended December 31, 2013**
	$	**$**
Directors fees	42,000	50,260
Management fees	108,000	108,515
Exploration expenses	208,006	261,839
Accounting fees	66,384	-
Share-based compensation	184,381	-
Total	**608,771**	**420,614**
Outstanding balances included in accounts payable:	**632,288**	**175,349**

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

Loans from related parties

See Notes 10 and 12 for further details.

14 Share capital and reserves

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 share and per share amounts in the consolidated financial statements are adjusted to reflect the 10:1 share consolidation.

a) Authorized share capital

As at December 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) Issued share capital

In October 2014, the Company issued an aggregate of 6,860,000 common shares at a deemed price of $0.15 per share to GDLP representing repayment of the Company's promissory note in the amount of $1,029,000 issued to GDLP (Note 12).

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

c) Capital reserves

	Capital reserve - options	Capital reserve - warrants	Capital reserve – convertible debenture	Total
	$	$	$	$
Balance as at December 31, 2013 and 2012	985,639	122,871	215,386	1,323,896
Share-based compensation	235,793	-	-	235,793
Balance as at December 31, 2014	**1,221,432**	**122,871**	**215,386**	**1,559,689**

d) Stock options

As at December 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
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
2,024,000	0.15	November 26, 2019
2,196,500		

Stock option transactions for the years ended December 31, 2014 and 2013 are summarized as follows:

	Year ended December 31, 2014		**Year ended December 31, 2013**	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
		$		$
Balance, beginning of year	442,500	2.08	720,000	2.09
Granted	2,024,000	0.15	-	-
Expired	(240,000)	1.90	(42,500)	2.02
Forfeited	(30,000)	1.90	(235,000)	2.14
Balance, end of year	2,196,500	0.32	442,500	2.08
Options exercisable, end of year	2,136,500	0.33	442,500	2.08

During the year ended December 31, 2014, the Company granted 2,024,000 (2013 – Nil) stock options with a fair value of $0.1193 (2013 - $Nil) per option. The Company recorded $235,793 (2013 - $Nil) as share-based compensation for options vested during the year.

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

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the years ended December 31, 2014 and 2013:

	Year ended December 31, 2014	**Year ended December 31, 2013**
Risk-free interest rate	1.47%	-
Expected life of options	5 years	-
Forfeiture rate	0%	-
Annualized volatility	250%	-
Dividend rate	0%	-

e) Warrants

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

Warrant transactions for the years ended December 31, 2014 and 2013, are summarized as follows:

	Year ended December 31, 2014		**Year ended December 31, 2013**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
		$		**$**
Balance, beginning of year	-	-	783,464	**2.30**
Issued	-	-	-	-
Cancelled	-	-	-	-
Expired	-	-	(783,464)	2.30
Balance, end of the year	**-**	**-**	**-**	**-**

15 Financial instruments

Capital risk management

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

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

Categories of financial instruments

	December 31, 2014	December 31, 2013
	$	$
Financial assets *		
Loans and receivables		
Cash	-	43,958
Other receivables	3,219	661
Available-for-sale		
Available-for-sale investments	103,091	-
	106,310	44,619
Financial liabilities		
Current		
Amortized at cost		
Accounts payable and accrued liabilities	1,463,413	1,091,064
Loans from directors	1,214,119	1,087,409
Property acquisition liability	769,095	1,171,846
Promissory notes	400,000	-
Non-current		
Amortized at cost		
Convertible debenture	-	2,155,138
Promissory notes	2,586,940	-
	6,433,567	5,505,457

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

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

Fair value

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

Foreign exchange risk

The Company's operations in the United States 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. A 10% fluctuation in the foreign exchange rate between the Canadian and US dollar will result in a foreign exchange gain/loss of approximately $157,000. The Company does not enter into derivative financial instruments to mitigate foreign exchange risk.

Credit risk

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

Interest rate risk

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

Liquidity risk

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

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

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.

16 Supplemental cash flow information

The significant non-cash investing and financing transactions are following

	December 31, 2014	**December 31, 2013**
	$	**$**
Common shares issued for debt	1,029,000	**-**
Reclassification of accounts payable to loans payable	-	25,000

17 Commitments

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

No later than 1 year	$ 13,395
Later than 1 year and no later than 5 years	$ -

18 Segmented information

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

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

	Non-current assets
	$
December 31, 2013	
United States of America	3,080,397
Canada	47,783
	3,128,180
December 31, 2014	
United States of America	2,842
Canada	41,075
	43,917

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

19 Income taxes

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

	Year ended December 31, 2014	**Year ended December 31, 2013**
	$	**$**
Loss for the year	(5,115,924)	(5,662,349)
Expected income tax recovery	(1,330,000)	(1,458,000)
Change in statutory, foreign tax, foreign exchange rates and other	(670,000)	(398,000)
Permanent differences	400,000	53,000
Change in unrecognized deductible temporary differences	1,600,000	1,803,000
	-	-

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

The significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2014	**December 31, 2013**
	$	**$**
Deferred tax assets (liabilities)		
Property acquisition	(96,000)	(114,000)
Non-capital losses	96,000	114,000
Net deferred tax asset (liability)	-	-

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

	December 31, 2014	**December 31, 2013**	**Expiry Date Range**
	$	**$**	
Temporary differences			
Mineral properties	10,416,000	6,526,000	No expiry date
Share issue costs	83,000	224,000	2035 to 2036
Other	139,000	125,000	No expiry
Non-capital losses available for future periods	13,331,000	12,464,000	2026 to 2034

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

20 Subsequent events

On January 28, 2015, a total of 5,000 stock options exercisable at $2.90 per option expired unexercised.

In February 2015, Laurion terminated the purchase agreement related to the Bell Mountain property and re-conveyed the property assets to Laurion by utilizing the quit claim agreement dated September 4, 2014. The re-conveyance of the property assets to Laurion satisfied the Company's obligations under the purchase agreement (as amended) (Note 8(c)).

On March 3, 2015, a total of 60,000 stock options exercisable at $2.90 per option expired unexercised.

FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) AS OF DECEMBER 31, 2014 TO ACCOMPANY THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF LINCOLN MINING CORPORATION (THE "COMPANY" OR "LINCOLN") FOR THE YEAR ENDED DECEMBER 31, 2014.

This Management's Discussion and Analysis ("MD&A"), which has been prepared as of April 29, 2014, should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 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 undo reliance on these forward-looking statements.

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

1. Overview

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

Lincoln Mining Corp. is a precious metals exploration and development company with several projects in various stages of exploration which include the Pine Grove property in Nevada, USA, and the Oro Cruz gold property in California, USA. The Company's Bell Mountain property in Nevada was returned to the owner owing to Lincoln's default in making the payments. Lincoln is exploring ways to reacquire the property. The Company's La Bufa property in Mexico was sold during October 2014 (see news release of October 27, 2014). In the United States, the Company operates under its subsidiaries, Lincoln Gold US Corp and Lincoln Resource Group Corp.

During October 2014, the British Columbia Securities Commission conducted a disclosure review of Lincoln Mining Corp. As a result of this review, certain deficiencies were identified with the Pine Grove Preliminary Economic Assessment Technical Report and the Bell Mountain Technical Report. Owing to these deficiencies, both reports were deemed non-compliant and do not support the reported mineral resources and economic analyses. Working with independent consultant Welsh-Hagen Associates (formerly Telesto Nevada Inc.) and its Qualified Persons, an amended and restated Technical Report was issued on Bell Mountain on November 13, 2014 and an amended and restated Preliminary Economic Assessment was issued on Pine Grove on February 4, 2015. Both reports were filed with the British Columbia Securities Commission and can be found under the Company's profile on SEDAR (see Lincoln news releases December 2, 2014 and February 16, 2015).

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.

Arrangement with Procon Mining and Tunnelling Ltd.

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

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

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

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

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

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

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

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

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

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

Bell Mountain Project Status

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 March 2014, the payment schedule under the purchase agreement with Laurion was amended such that the final payment of $900,000 was deferred to June 2014. The Company also reports that a legal claim (the "Complaint") has been issued against the Company by Laurion with respect to outstanding property payments on the Bell Mountain property in Nevada in the amount of approximately $710,000 (plus interest). After some negotiation, Laurion agreed not to take any further steps in relation to the Complaint and agreed to amend the payment schedule on the outstanding balance to $75,000 per month to the end of the year. If the full amount owing to Laurion has not been paid by the end of December 2014 then Laurion can either extend the payments to June 30, 2015 at a rate of $125,000 per month or require Lincoln to reassign its rights and interest in the Bell Mountain property to Laurion or Laurion may proceed with the legal claim for outstanding payment. Monthly payments include $25,000 extension fee. To date no payments have been made to Laurion under the amended agreement.

On February 2, 2015, Laurion announced that the sale of the Bell Mountain property to Lincoln was terminated for non-payment. Lincoln had incurred approximately $1.6 million of the cash purchase price of $2.35 million and $1.4 million of the $1.75 million requirement in exploration expenditures. Lincoln is exploring ways to reacquire the Bell Mountain property.

Sale of the La Bufa Property, Mexico

In August 2014, The Company entered into a Purchase Agreement (the "Agreement") with Endeavour Silver Corp. ("Endeavour" or the "Purchaser") to sell the La Bufa property for a total consideration of 90,000 common shares of Endeavour (the "Payment Shares") at an issue price per Payment Share equal to the volume weighted average price (VWAP) of the Purchaser's shares for the ten (10) trading days immediately preceding the Closing Date less that number of Payment Shares equal to the Prepayment Amount (as defined below).

The Prepayment Amount of $19,000 is evidenced by a Promissory Note (the "Note") dated July 29, 2014 for the principal amount of $19,000 bearing interest at 5% per annum and maturing on December 31, 2014. The Note was repaid at the closing of the transaction by deducting from the Payment Shares that number of Payment Shares equal to the Prepayment Amount.

Sale of the La Bufa property was closed in October 2014 (see news release dated October 27, 2014) whereby the Company received 85,587 shares of Endeavor representing a total consideration equal to 90,000 common shares of Endeavor at a deemed price of $4.88 per share less that number of shares equal to the prepayment Amount (see news release of August 21, 2014). All shares are subject to a four month hold period ending February 15, 2015. Pursuant to the Company's Settlement Agreement with Elgin Mining Inc. ("Elgin"), Lincoln transferred 45,000 Endeavor shares to Elgin once the hold period expired.

Termination of the Agreement with Elgin Mining Inc.

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

(in Canadian dollars, unless otherwise stated)

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

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

No work was conducted at La Bufa during Q4 2013.

2. Results of Operations

Results of Operations – For the year ended December 31, 2014

For the year ended December 31, 2014, the Company incurred an operational loss of $5,092,189 (2013: $5,648,755). Included in the net loss for 2014 is the impairment provision for mineral properties related to Bell Mountain and Pine Grove properties of $3,047,630. The significant expenses comprise of the following:

	2014	**2013**	**2012**
	$	**$**	**$**
Revenues	-	-	-
Exploration expenses	**675,741**	**1,765,648**	**992,013**
Impairment provision for mineral properties	**3,047,630**	**1,833,153**	**-**
Recovery of mineral properties previously impaired	**(219,600)**	**-**	**-**
Impairment provision for reclamation bond	**23,857**	**-**	**-**
Administrative expenses (top 5 categories):			
Administrative support	141,155	203,336	152,166
Consulting and management fees	184,590	163,521	489,756
Investor relations and shareholder services	67,387	171,538	191,391
Office maintenance	222,182	235,647	193,444
Professional fees (legal and accounting)	223,722	848,968	226,854
Subtotal	**4,369,664**	**5,221,811**	**2,245,624**
% to total loss	85%	92%	93%
Other administrative expenses			
Share-based compensation	235,793	-	42,333
Other administrative expenses	44,648	50,242	73,047
Interest income	(231)	(258)	(362)
Interest expense	469,050	376,960	53,051
Loss for the year	**5,115,924**	**5,648,755**	**2,413,693**
Comprehensive loss for the year	**5,211,015**	**5,648,755**	**2,413,693**
Basic and diluted loss per common share	**(0.30)**	**(0.36)**	**(0.22)**
Total assets	**187,363**	**3,199,203**	**7,373,347**
Total non-current liabilities	**2,662,346**	**2,224,272**	**2,153,660**
Cash dividends declared per share	**n/a**	**n/a**	**n/a**

Other administrative expenses consists of travel costs of $19,188 (2013: $24,787; 2012: $59,900), depreciation of $6,710 (2013: $10,683; 2012: $7,678), and foreign exchange loss of $18,750 (2013: $14,772; 2012: $5,469).

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, professional fees and travel costs.

During the year ended December 31, 2014, the Company granted stock options to certain directors, management and consultants resulting in a non-cash stock-based compensation expense of $235,793 (2013: $Nil; 2012: $42,333).

(in Canadian dollars, unless otherwise stated)

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 year ended December 31, 2014.

The Company's key projects in 2014 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**
	$	**$**	**$**	**$**	**$**	**$**
2014, (IFRS reporting)	318,941	157,797	144,295	46,897	7,811	675,741
2013, (IFRS reporting)	326,388	119,081	1,200,383	87,646	32,150	1,765,648
2012, (IFRS reporting)	234,525	247,285	100,461	402,810	7,590	992,671
2011, (IFRS reporting)	610,664	404,483	-	1,240,844	11,288	2,267,279
2010, (IFRS reporting)	1,609,436	310,637	-	472,534	1,645	2,394,252
2009, (Canadian GAAP)	553,319	7,586	-	121,861	(7,898)	674,868
2008, (Canadian GAAP)	509,333	-	-	1,501,906	14,347	2,025,586
2007, (Canadian GAAP)	154,145	-	-	163,705	25,287	343,137
	4,316,751	**1,246,869**	**1,445,139**	**4,038,203**	**92,219**	**11,139,182**
Less recoveries	**-**	**(328,765)**	**-**	**(1,051,735)**	**-**	**(1,380,500)**
Total exploration expenses incurred	**4,316,751**	**918,104**	**1,445,139**	**2,986,468**	**92,219**	**9,758,682**

Summary of Quarterly Results:

2014 Quarterly Results:	**4th Quarter**	**3rd Quarter**	**2nd Quarter**	**1st Quarter**
	$	**$**	**$**	**$**
Revenue	-	-	-	-
Exploration expenses	49,310	212,943	250,248	163,240
Administrative expenses (incl. interest expense)	631,580	274,930	268,478	413,308
Loss	3,527,181	493,469	518,726	576,548
Comprehensive loss	3,622,272	493,469	518,726	576,548
Basic and diluted loss per share	(0.20)	(0.03)	(0.03)	(0.04)
Total assets	187,363	3,163,677	3,202,520	3,245,298
Working capital (deficiency)	(3,703,181)	(3,162,692)	(2,944,784)	(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	(0.02)	(0.15)	(0.12)	(0.05)
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)

For the three months ended December 31, 2014, the Company incurred an operational loss of $3,527,181 (2013: $374,692). Significant expenses included exploration expenses of $49,310 (2013: $65,969); professional fees (legal and audit) of $115,035 (2013: $38,743); office maintenance of $42,057 (2013: $82,372); administrative support of $36,322 (2013: $43,768); consulting and management fees of $104,350 (2013: $44,761) and interest expense of $81,705 (2013: $107,048).

During the three months ended December 31, 2014, the Company recorded an impairment provision for mineral properties in the amount of $3,047,630 and recovery of mineral properties previously impaired in the amount of $219,600. The Company also wrote-off a reclamation bond for $23,857. Overall, these impairment losses resulted in a significantly higher loss for the three months ended December 31, 2014 compared to the same period in 2013.

The administrative expenses over the past four quarters in 2014 decreased in comparison to the previous corresponding period as a result of a serious working capital deficiency experienced by the Company.

3. Project Summaries and Activities

PROJECTS - Overview

Pine Grove Property, Nevada – In December 2011, Lincoln announced a positive Preliminary Economic Assessment ("PEA") on the proposed open-pit mining and heap-leach operation at its Pine Grove project. During October 2014, the Company received a letter from the British Columbia Securities Commission regarding a technical disclosure review of Lincoln Mining Corp. The resources reported in the Pine Grove PEA, prepared by Telesto Nevada Inc. dated December 8, 2011, were found to be not currently supported by a compliant NI 43-101 technical report and therefore should not be relied upon until the deficiencies are corrected and supported by an updated report. Working with Welsh-Hagen Associates (formerly Telesto Nevada Inc.) and their Qualified Persons, an amended and restated Preliminary Economic Assessment was issued on February 4, 2015 and filed with the British Columbia Securities Commission and is available for review under the Company's profile on SEDAR (see Lincoln news release February 16, 2015).

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 February 2, 2015, Laurion announced termination of the purchase agreement for non-payment. (see previous "Bell Mountain Status" section) All work on the property has ceased. Lincoln is exploring ways to reacquire the property. 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 resources. During October 2014, the Company received a letter from the British Columbia Securities Commission regarding a technical disclosure review of Lincoln Mining Corp. The resources reported in the technical report, prepared by Telesto Nevada Inc. dated December 18, 2012, were found to be not currently supported by a compliant NI 43-101 technical report and therefore should not be relied upon until the deficiencies are corrected and supported by an updated report. Working with Welsh-Hagen Associates (formerly Telesto Nevada Inc.) and their Qualified Persons, an amended and restated Technical Report was issued on November 13, 2014 and filed with the British Columbia Securities Commission and is available for review under the Company's profile on SEDAR (see Lincoln news release December 2, 2014).

Oro Cruz Property, California - The Oro Cruz property has excellent potential for open-pit and underground mining. An Inferred resource for the project was reported in a NI 43-101 Technical Report in September 2010. Lincoln's immediate goal is to increase and advance the 376,600 Inferred ounces gold to Measured and Indicated categories by confirmation drilling. No significant work was completed since early 2013 due to arbitration with Elgin Mining which has now been resolved. Additionally, no work was completed 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 - During October 2014, the La Bufa property was sold to Endeavor Silver Corp. ("Endeavor") in a shares for debt transaction (see news release dated October 27, 2014). Lincoln no longer retains any interest in the property.

UNITED STATES

Pine Grove Gold Property, Lyon County, Nevada

Pine Grove – Overview:

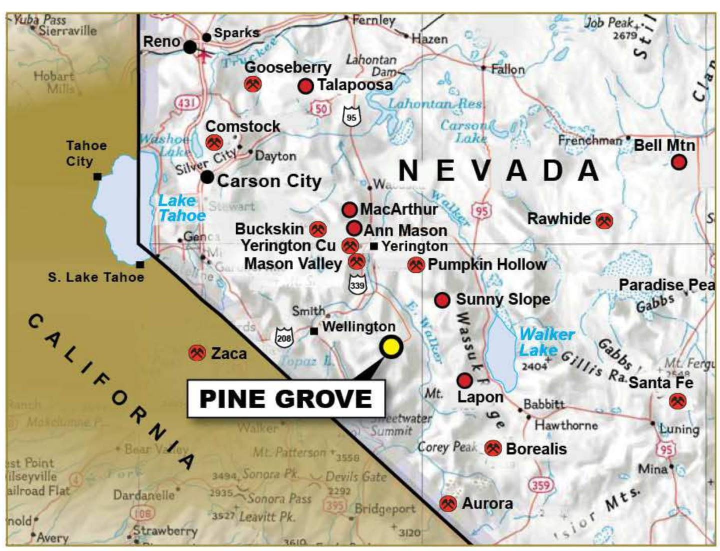
The Pine Grove Property continues as an exploration-stage gold project with potential for near-term production. The project lies approximately 20 miles south of Yerington, in the Pine Grove Hills, Lyon County, Nevada. The Company has mining leases on the Wilson and Wheeler mines (patented claims) and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

On March 21, 2011, Lincoln filed an updated NI 43-101 Technical Report compiled by Tetra Tech, Inc. of Denver, Colorado. On December 8, 2011, a Preliminary Economic Assessment (PEA) was issued by Telesto Nevada Inc. of Reno, NV. A review of Lincoln disclosures by the British Columbia Securities Commission in October 2014 concluded that the PEA resources were non-compliant with NI 43-101. Owing to this situation, an amended and restated PEA was issued on February 4, 2015 by Welsh-Hagen Associates (formerly Telesto Nevada Inc.) and their Qualified Persons. (see Lincoln news release February 16, 2014)

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

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 – History:

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

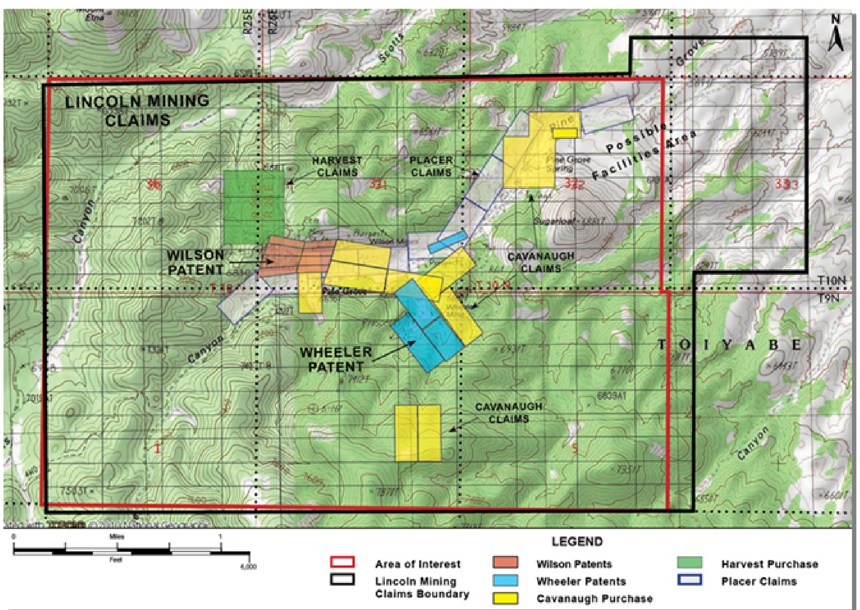
Pine Grove – Geology & Mineralization:

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

Pine Grove – Agreements

See previous years for earlier Agreements

Pursuant to an agreement effective August 23, 2010, Lincoln entered into a purchase agreement with retained royalty with the Estelle D. Cavanaugh Trust, owner of eight unpatented lode claims, one unpatented placer claim, and one unpatented millsite claim. The ten claims are collectively known as the "Cavanaugh claims" and consist of the Southern Cross No. 4, Southern Cross No. 29, Southern Cross No. 30, Highlands, Upper Highlands,



Protector, Little Jim, Sentinel, Crown Placer, and Crown Millsite. The purchase also includes three water rights in the Pine Grove drainage. Terms of the purchase include cash payments totaling US$650,000 and the issuance of 400,000 Company shares over a period of three years and a fixed 1.5% NSR. Upon closing, Lincoln paid to the owner US$250,000 followed by US$150,000, in August 2011 and to be followed by US$150,000, and US$100,000 over the next two anniversaries of the agreement. Upon closing, Lincoln issued to the owner 150,000 Company shares followed by 150,000 shares and 100,000 shares over the next two anniversaries of the agreement. Lincoln has the option to buy down the entire production royalty at a rate of US$75,000 per one-half (0.5%) point at any time up until 3 years after the Lincoln Board of Directors approves mine construction.

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

Pursuant to an agreement effective April 25, 2013, Lincoln Resource Group Corp., a Nevada corporation, purchased 723.97 acre feet of underground water rights within Lyon County, Nevada, State of Nevada Permit 15825, Certificate 5053 from Dorothy R. Rink, individually and as the Trustee of the Ruth E. Rink 2002 Trust, as amended by the First Amendment to the Ruth E. Rink 2002 Trust dated July 24, 2009, for the single lump sum payment of $20,000. On November 22, 2013, the Nevada Division of Water Resources confirmed the Report of Conveyance to Lincoln Resource Group Corp.

Pine Grove – Work & Claims

For earlier work and claims see previous years.

Pine Grove - Technical Report & Preliminary Economic Assessment

Tetra Tech, Inc. in Golden, Colorado completed a NI 43-101 technical report dated March 16, 2011. The report was filed on SEDAR (www.sedar.com) on March 21, 2011. On December 8, 2011, Telesto Nevada Inc. completed a Preliminary Economic Assessment ("PEA") which reported resources and economics. The report was filed on SEDAR (www.sedar.com) on December 14, 2011. During October 2014, the Company received a letter from the British Columbia Securities Commission regarding a technical disclosure review of Lincoln Mining Corp. The resources reported in the Pine Grove PEA, prepared by Telesto Nevada Inc. dated December 8, 2011, were found to be not currently supported by a compliant NI 43-101 technical report and therefore should not be relied upon until the deficiencies are corrected and supported by an updated report. Working with Welsh-Hagen Associates (formerly Telesto Nevada Inc.) and their Qualified Persons, an amended and restated Preliminary Economic Assessment was issued on February 4, 2015 and filed with the British Columbia Securities Commission and is available for review under the Company's profile on SEDAR (see Lincoln news release February 16, 2015).

Pine Grove – Preliminary Economic Assessment

On February 16, 2015, Lincoln announced that it had received a positive PEA on the proposed open-pit and heap-leach operations at the Pine Grove gold project. A summary of total Measured and Indicated resources and Inferred resources is presented in the table below. Combined Measured resources (72%) and Indicated resources (28%) total 134,500 ozs gold within designed pit shells containing 3,373,000 tons of mineralized material grading 0.040 opt gold at a 0.007 opt gold cutoff grade. Combined Inferred resources within designed pit shells contain 160,000 tons of mineralized material grading 0.041 opt gold at a 0.007 opt gold cutoff grade. The pits were designed on a gold price of $1525 per oz. The PEA recommends two conventional open pits with a combined stripping ratio of 3.2:1 (Wheeler 2.2:1; Wilson 4.4:1). Contract mining would be employed with a goal of producing 1 million tons of leachable ore per year. Mining operations would be conducted 5 days per week, one shift per day. Crushing operations reducing the ore to 3/8-inch would be conducted 5 days per week, 2 shifts per day with 1 weekend maintenance shift. A gold recovery value of 75% is estimated if the crushed ore is agglomerated. The mine life is presently estimated at 5 years with gold production over a 4-year period ranging from approximately 23,000 to 27,000 ozs gold per year. Capital costs are estimated at approximately $29.8 million. At $1425 per oz gold, the project has an IRR of 23% after royalties, reclamation costs, and the Nevada net Proceeds Tax.

(in Canadian dollars, unless otherwise stated)

Total Measured and Indicated Gold Resources

At 0.007 opt Au Cutoff Grade

Category	Tons	Cutoff Grade Opt Gold	Average Grade Opt Gold	Contained Ozs Gold
Measured	2,356,000	0.007	0.041	97,300
Indicated	1,017,000	0.007	0.037	37,200
Measured + Indicated	3,373,000	0.007	0.040	134,500

- Mineral resources are reported using a long term gold price of $1425 per oz.
- Mineral resources that are not mineral reserves do not have demonstrated economic viabilitiy.

Total Inferred Gold Resources

At 0.007 opt Au Cutoff Grade

Category	Tons	Cutoff Grade Opt Gold	Average Grade Opt Gold	Contained Ozs Gold
Inferred	160,000	0.007	0.041	6,600

- Mineral resources are reported using a long term gold price of $1425 per oz.
- Mineral resources that are not mineral reserves do not have demonstrated economic viabilitiy.

Pine Grove – Recent Activities

Permitting work has been reactivated in 2014 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.

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. This work will require new funding.

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. On February 2, 2015, Laurion announced termination of the purchase agreement for non-payment. (see Lincoln news release February 4, 2015) All Lincoln work on the property has ceased. Lincoln is exploring ways to reacquire the property.

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 an existing 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 – History:

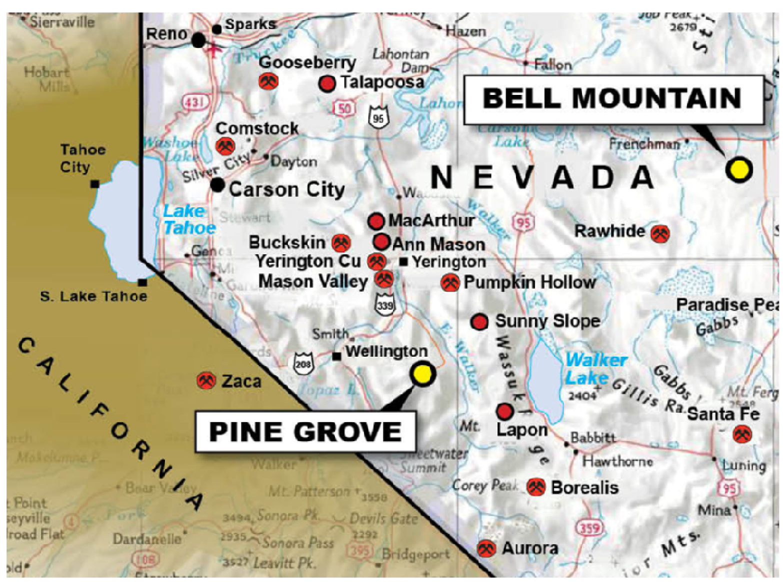
The earliest known work at Bell Mountain was in 1914, when W.W. Stockton located claims and began sinking a 15 meter shaft on the vein outcrop of what is now called the Spurr deposit. The only recorded production from Bell Mountain was a 35-ton carload of hand sorted material that averaged 16 gpt gold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

Bell Mountain – Geology & Mineralization:

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 and at various locations elsewhere on the property.

Bell Mountain – Agreements:

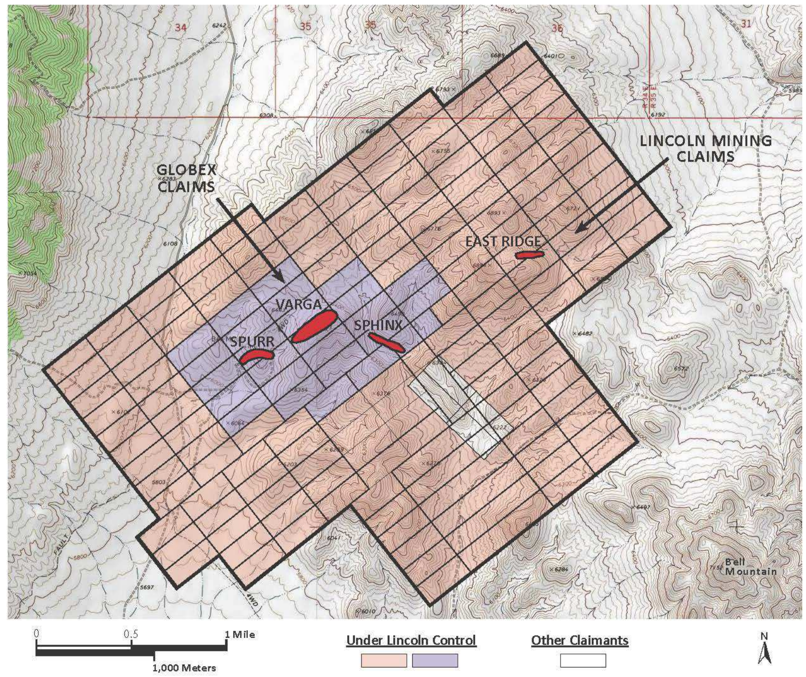
In November 2012, the Company entered into a purchase agreement with Laurion Mineral Exploration Inc. ("Laurion") and its Nevada subsidiary Laurion Mineral Exploration USA LLC (together, "Laurion"), pursuant to which the Company's subsidiary (Lincoln Resource Group Corporation) has acquired from Laurion 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 $490,000. Laurion has now filed a legal claim in the amount of $710,000 (plus interest) with respect to outstanding property payments on the Bell Mountain property. Laurion agreed not to take any further steps in relation to the complaint and agreed to amend the payment schedule. If the full amount owing to Laurion has not been paid by the end of December 2014, then Laurion can either extend the payments to June 30, 2015 or require Lincoln to reassign its rights and interest in Bell Mountain to Laurion or Laurion may proceed with the legal claim for outstanding payment (see news release dated September 9, 2014).

On February 2, 2015, Laurion announced termination of the purchase agreement for non-payment. (see Lincoln news release February 4, 2015) All Lincoln work on the property has ceased. Lincoln is exploring ways to reacquire the property.

LINCOLN MINING CORPORATION
Bell Mountain Project Claim Blocks



Bell Mountain - Royalties

The Bell Mountain property is also subject to two royalties which will take effect upon commencement of commercial production. N.A. Degerstrom, Inc. retains a 2% NSR production royalty which can be bought out for $167,000 within 90 days of commercial production. Globex Nevada Inc. has a sliding scale Gross Metals Royalty of 1% with gold price at <$500/oz gold; 2% with gold price at $500 to $1200/oz gold; and 3% with gold price at >$1200/oz gold.

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.

During 2013, Lincoln conducted metallurgical core drilling, geotechnical core drilling, and reverse-circulation (RC) edge drilling of the deposits. Eight PQ core holes were drilled for a total of 1,617.0 ft. to obtain core for metallurgical testing. One hole was lost at 88 ft. The core has been logged and awaits funding for assaying, compositing, and column leach tests at McClelland Laboratories in Reno, NV. Five HQ core holes were drilled for a total of 1,173 ft. for geotechnical logging and laboratory tests in regard to pit wall stability studies. Golder Associates in Reno, NV is conducting the work which has been put on hold pending funding. Twenty-one RC holes were drilled for 5,500 ft. to better define the deposits. Sixteen holes have been assayed and an additional five holes require funding for assays. The 2013 program was suspended prior to completion owing to an order from the Committee or Foreign Investment in the United States (CFIUS). This order has since been rescinded and there are no restrictions on further work.

Bell Mountain – Technical Reports

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." During October 2014, the Company received a letter from the British Columbia Securities Commission regarding a technical disclosure review of Lincoln Mining Corp. The resources reported in the Amended and Restated Bell Mountain technical report, prepared by Telesto Nevada Inc. dated December 18, 2012, were found to be not currently supported by a compliant NI 43-101 technical report and therefore should not be relied upon until the deficiencies are corrected and supported by an updated report. Working with Welsh-Hagen Associates (formerly Telesto Nevada Inc.) and their Qualified Persons, an amended and restated Technical Report was issued on November 13, 2014 and filed with the British Columbia Securities Commission and is available for review under the Company's profile on SEDAR (see Lincoln news release December 2, 2014). The tables below list the new resources as reported in the amended and restated Technical Report issued on November 13, 2014. Expected gold recovery is 80% and silver recovery is 51%.

(in Canadian dollars, unless otherwise stated)

Total Measured and Indicated Resources

Gold, Silver, and Gold Equivalent

Category	Tons	Cutoff Grade Gold Opt Au	Average Grade Gold Opt Au	Gold Ozs	Average Grade Silver Opt Ag	Silver Ozs	Ozs Silver as Gold Equiv.	Total Ozs Gold Equiv. (oz AuEQ)
Measured	**6,561,000**	**0.007**	**0.015**	**101,534**	**0.485**	**3,180,127**	**57,820**	**159,355**
Indicated	**4,199,000**	**0.007**	**0.015**	**63,484**	**0.561**	**2,353,780**	**42,796**	**106,280**
Measured + Indicated	**10,760,000**	**0.007**	**0.015**	**165,018**	**0.514**	**5,533,907**	**100,616**	**265,635**

- Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Total Inferred Resources

Gold, Silver, and Gold Equivalent

Category	Tons	Cutoff Grade Gold Opt Au	Average Grade Gold Opt Au	Gold Ozs	Average Grade Silver Opt Ag	Silver Ozs	Ozs Silver as Gold Equiv.	Total Ozs Gold Equiv. (oz AuEQ)
Inferred	**2,255,000**	**0.007**	**0.013**	**29,550**	**0.387**	**872,411**	**15,862**	**45,412**

- Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Bell Mountain – Recent Activities:

Work in 2014 has focused on biological base line studies by Stantec (previously JBR Environmental Consultants). Metallurgical core samples are presently being held by McClelland Laboratories in Reno, NV for column leach tests as funding becomes available.

Lincoln is exploring ways to reacquire the Bell Mountain property.

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.

Oro Cruz – History:

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

Oro Cruz – Geology & Mineralization:

The local geology consists largely of Jurassic schist and gneiss of the Tumco Formation. Conspicuous white Tertiary pegmatite dikes and latite dikes cut the metamorphic terrain. The main Oro Cruz gold deposit is an irregular, elongate, tabular zone that dips approximately 25° downward from the open-pit floor for at least 1,800 ft. Mineralized thicknesses are variable at multiple tens of feet. Lesser parallel zones of mineralization are also present. The deposit remains open down-dip and contains numerous high-grade intercepts from past drilling. The table below lists some examples of significant drill hole intercepts greater than 20 ft from past drilling.

(in Canadian dollars, unless otherwise stated)

Examples of Significant Intercepts (>20 ft.)

Oro Cruz Deposit

Hole Number	Hole Type	From (ft.)	To (ft.)	Intercept (ft.)	Opt Au
OC-DD-7	Core	223.0	271.0	48.0	0.238
OC-DD-13	Core	311.0	334.0	23.0	0.475
OC-86-25	RC	315.0	340.0	25.0	0.302
		380.0	415.0	35.0	0.117
OC-87-6	RC	20.0	75.0	55.0	0.237
OC-87-9	RC	305.0	335.0	25.0	0.116
OC-87-11	RC	205.0	250.0	45.0	0.234
OC-187	RC	280.0	300.0	20.0	0.159
OC-197	RC	530.0	565.0	35.0	0.611
OC-250	RC	205.0	265.0	60.0	0.189
OC-280	RC	300.0	345.0	45.0	0.324
OC-281	RC	526.0	562.0	36.0	0.185
		587.0	617.0	30.0	0.266
OC-382	RC	362.5	397.5	35.0	0.365
OC-385	RC	517.5	545.0	27.5	0.523
OC-393	RC	427.5	447.5	20.0	0.139
OC-405	RC	575.0	615.0	40.0	0.391
OC-428	RC	712.5	735.0	22.5	0.675
OC-447	RC	645.0	680.0	35.0	0.106
OC-467	RC	520.0	550.0	30.0	0.352

- The NI-43-101 Technical Report by Tetra Tech, September 21, 2010, incorporates these intercepts.
- The intercepts above should not be considered as true thicknesses.
- No assays were cut for the purpose of compiling this table.

Oro Cruz – Agreements & Claims:

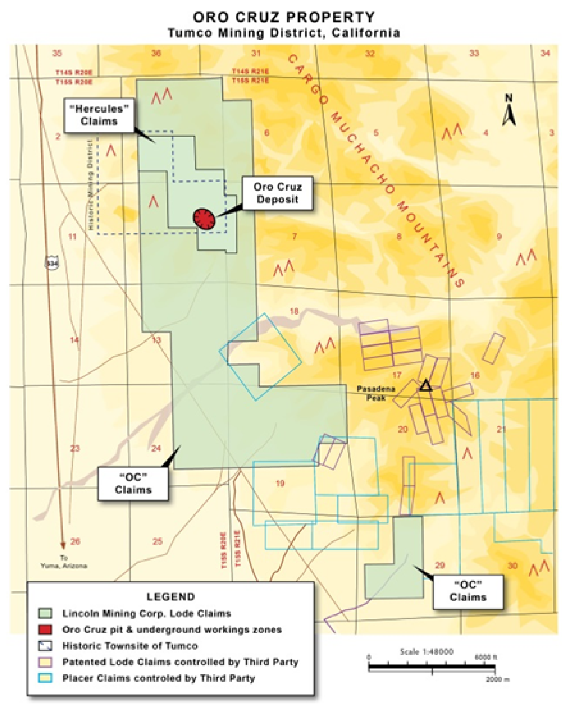
On February 22, 2010, Lincoln entered into a Mining Lease agreement on the Oro Cruz Property with ADGIS, Inc., a Nevada corporation. The agreement covers 20 unpatented lode claims which encompass an open pit with exposed ore-grade gold mineralization and an underground ramp that intersects ore-grade 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 Canadian dollars, unless otherwise stated)

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.



Owing to a past arbitration issue with Elgin Mining Inc. and an order to cease work issued by the Committee on Foreign Investment in the United States, no work has been conducted recently at Oro Cruz. However, both issues have been resolved and Lincoln retains 100% controlling interest of in the property and is ready to advance the confirmation drilling as soon as additional funding is available.

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

Sale of the La Bufa Property

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.

During October 2014, Lincoln sold the La Bufa property to Endeavor Silver Corp. ("Endeavor"). The Company received 85,587 shares of Endeavor representing a total consideration equal to 90,000 common shares of Endeavor at a deemed price of $4.88 per share less that number of shares equal to the Prepayment Amount (see news release of August 21, 2014). All securities issued in connection with the transaction are subject to a four month hold period ending February 15, 2015. Pursuant to the Company's Settlement Agreement with Elgin Mining Inc. ("Elgin"), Lincoln transferred 45,000 Endeavor shares to Elgin once the hold period had expired. (see news release dated October 27, 2014) Lincoln no longer retains any interest in the La Bufa property.

(in Canadian dollars, unless otherwise stated)

New Opportunities

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

4. Outstanding Share Data

On May 16, 2014, the Company effected a 10:1 consolidation such that the Company's issued and outstanding common shares are 22,746,021 as at the date of this report.

Similarly, the Company now has a total of 2,131,500 outstanding options with exercise prices from $0.15 to $2.20.

5. 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 years ended December 31, 2014 and 2013 was as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
	$	$
Directors fees	42,000	50,260
Management fees	108,000	108,515
Exploration expenses	208,006	261,839
Accounting fees	66,384	-
Share-based compensation	184,381	-
Total	**608,771**	**420,614**
Outstanding balances included in accounts payable:	**632,288**	**175,349**

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

Loans from related parties

Total advances and loans payable to various related parties as at December 31, 2014 and 2013 was as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
	$	$
Mr. Ronald K. Netolitzky	400,000	-
Mr. Paul Saxton	67,308	40,096
A company controlled by former director of the Company	2,052,500	677,247
A former director of the Company	387,780	354,032
A company controlled by former director of the Company	1,293,470	-
Total	**4,201,058**	**1,071,375**

During the year ended December 31, 2014, the Company received a $24,300 unsecured demand loan from the President of the Company to fund the Company's current working capital requirements. The loan is currently unsecured and non-interest bearing, with no specific repayment schedule, as the terms are still being negotiated.

(in Canadian dollars, unless otherwise stated)

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

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

Liquidity and Solvency

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

	December 31, 2014	**December 31, 2013**
	$	**$**
Cash	-	43,958
Working capital (deficiency)	(3,703,181)	(3,279,296)
Long-term debt	2,662,346	2,224,272

	Year ended December 31, 2014	**Year ended December 21, 2013**
	$	**$**
Cash used in operating activities	(1,017,894)	(2,486,753)
Cash used in investing activities	8,050	(56,480
Cash provided by financing activities	965,886	385,060
Change in cash	(43,958)	(2,158,173)

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.

6. Commitments

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

No later than 1 year	$ 13,395
Later than 1 year and no later than 5 years	$ -

7. Capital Resources

The Company did not have any capital resources as at December 31, 2014. The Company's primary sources of funding are equity financing through the issuance of stock and debt financing. The Company has no operations that generate cash flows and its long term financial success is dependent on discovering properties that contain mineral reserves that are economically recoverable.

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

Capital risk management

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

8. Off-Balance Sheet Arrangements

None.

9. Proposed Transactions

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

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

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

Critical Accounting Estimates and Judgments

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

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

(in Canadian dollars, unless otherwise stated)

Recoverability of mineral property interests

Management has determined that mineral property costs incurred, which were previously capitalized, have no future economic benefits and were no longer 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.

11. Financial Instruments

Categories of financial instruments

	December 31, 2014	December 31, 2013
	$	$
Financial assets *		
Loans and receivables		
Cash	-	43,958
Other receivables	3,219	661
Available-for-sale		
Available-for-sale investments	103,091	-
	106,310	44,619
Financial liabilities		
Current		
Amortized at cost		
Accounts payable and accrued liabilities	1,463,413	1,091,064
Loans from directors	1,214,119	1,087,409
Property acquisition liability	769,095	1,171,846
Promissory notes	400,000	-
Non-current		
Amortized at cost		
Convertible debenture	-	2,155,138
Promissory note	2,586,940	-
	6,433,567	5,505,457

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

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

Fair value

The carrying value of cash, other receivables, accounts payable and accrued liabilities, loans from directors, property acquisition liability and promissory note approximated their fair value because of the relatively short-term nature of these instruments.

Foreign exchange risk

The Company's operations in the United States 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. A 10% fluctuation in the foreign exchange rate between the Canadian and US dollar will result in a foreign exchange gain/loss of approximately $157,000. The Company does not enter into derivative financial instruments to mitigate foreign exchange risk.

Credit risk

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

Interest rate risk

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

Liquidity risk

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

Price risk

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

12. Risks and Uncertainties

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

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

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

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

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

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

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

13. 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 2015. 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.

14. Outlook

The outlook for precious metals appears to be upward. Lincoln 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. Lincoln management's objective is to become a new junior gold-silver producer in the United States, where there is no threat to mineral tenure or repatriation of mining profits.

Cautionary Statement

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