LINCOLN MINING CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, 2015 and 2014

Table of Contents

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Lincoln Mining Corporation

We have audited the accompanying consolidated financial statements of Lincoln Mining Corporation, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014 and the consolidated statements of income and comprehensive income, 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.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Lincoln Mining Corporation as at December 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Davidson-co.com

Emphasis of Matter

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

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

April 29, 2016

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

	Notes	As at December 31, 2015	As at December 31, 2014
		$	$
Assets			
Current assets			
Cash		14,929	-
Receivables		10,631	26,636
Available-for-sale investments	4	-	103,091
Prepaid expenses		2,976	13,719
		28,536	143,446
Non-current assets			
Equipment		3,403	7,289
Deposits		26,837	36,628
		30,240	43,917
Total assets		**58,776**	**187,363**
Liabilities and shareholders' deficiency			
Current liabilities			
Accounts payable and accrued liabilities		2,030,594	1,463,413
Loans payable	7	1,376,307	1,214,119
Promissory notes	8	569,533	400,000
Property acquisition liability	5(c)	-	769,095
		3,976,434	3,846,627
Non-current liabilities			
Promissory notes	8	2,735,443	2,586,940
Provision for environmental rehabilitation	6	89,960	75,406
		2,825,403	2,662,346
Total liabilities		**6,801,837**	**6,508,973**
Shareholders' deficiency			
Share capital	10	21,184,769	21,184,769
Capital reserves	10	1,565,441	1,559,689
Accumulated other comprehensive loss		-	(95,091)
Deficit		(29,493,271)	(28,970,977)
Total shareholders' deficiency		**(6,743,061)**	**(6,321,610)**
Total liabilities and shareholders' deficiency		**58,776**	**187,363**

Nature of operations (Note 1)
Commitment (Note 13)

Approved and authorized by the Board on April 29, 2016.

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

LINCOLN MINING CORPORATION
Consolidated Statements of Income and Comprehensive Income
For the years ended December 31, 2015 and 2014

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

	Notes	Year ended December 31, 2015	Year ended December 31, 2014
Exploration expenses	**5**	**279,385**	**675,741**
Impairment provision for mineral properties	**5**	**-**	**3,047,630**
Recovery of mineral properties previously impaired	**5**	**(874,018)**	**(219,600)**
Write-off of reclamation bond	**5**	**-**	**23,857**
Administrative expenses			
Administrative support		138,528	141,155
Consulting and management fees		185,205	184,590
Depreciation		3,886	6,710
Foreign exchange loss		275,621	18,750
Investor relations and shareholder services		180,879	67,387
Office maintenance		126,177	222,182
Professional fees		130,851	223,722
Share-based compensation	**10(c)**	5,752	235,793
Travel		980	19,188
		1,047,879	**1,119,477**
Finance expenses (income)			
Interest income		(217)	(231)
Interest expense		256,528	469,050
		256,311	**468,819**
Other items			
Loss on sale of available-for-sale investments	**4**	85,618	-
Write-down of receivables		4,725	-
Write-off of accounts payable		(277,606)	-
		(187,263)	**-**
Loss for the year		**522,294**	**5,115,924**
Other comprehensive income			
Reclassification of unrealized loss on sale of available-for-sale investments	**4**	(95,091)	-
Unrealized loss on available-for-sale investments		-	95,091
Comprehensive loss for the year		**427,203**	**5,211,015**
Basic and diluted loss per common share		$ (0.02)	$ (0.30)
Weighted average number of common shares outstanding		**22,746,021**	**17,239,226**

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

LINCOLN MINING CORPORATION
Consolidated Statements of Cash Flows
For the years ended December 31, 2015 and 2014

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

	Year ended December 31, 2015	Year ended December 31, 2014
	$	$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the year	**(522,294)**	**(5,115,924)**
Items not affecting cash:		
Impairment provision for mineral properties	-	3,047,630
Impairment provision for reclamation bond	-	23,857
Recovery of mineral properties previously impaired	(847,722)	(219,600)
Exploration expenses paid with Endeavour shares	-	21,418
Accrued interest expense	256,528	469,050
Loss on sale of available-for-sale investments	85,618	-
Depreciation	3,886	6,710
Share-based compensation	5,752	235,793
Unrealized loss on foreign exchange	93,333	4,769
Write-down of receivables	4,725	-
Write-off of accounts payable	(277,606)	-
Changes in non-cash working capital items:		
Increase in accounts payable and accrued liabilities	844,787	521,693
Decrease in prepaid expenses and deposits	20,534	9,515
Decrease (increase) in receivables	11,280	(22,805)
Net cash used in operating activities	**(321,179)**	**(1,017,894)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits	-	8,050
Proceeds from sale of available-for-sale investments	112,564	-
	112,564	**8,050**
CASH FLOWS FROM FINANCING ACTIVITIES		
Promissory notes issued for cash	166,344	3,944,054
Payment of property acquisition liability	-	(487,414)
Payment of convertible debenture	-	(2,300,000)
Interest paid	-	(175,054)
Payment of promissory note	-	(40,000)
Loans from directors	57,200	24,300
Net cash provided by financing activities	**223,544**	**965,886**
Net change in cash for the year	14,929	(43,958)
Cash, beginning of the year	-	43,958
Cash, end of the year	**14,929**	**-**

(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, 2013	**15,886,021**	**20,155,769**	**1,323,896**	**-**	**(23,855,053)**	**(2,375,388)**
Shares issued for debt (Note 8)	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)**
Share-based compensation	-	-	5,752	-	-	5,752
Reclassification of unrealized loss on sale of available-for-sale investments	-	-	-	95,091	-	95,091
Loss for the year	-	-	-	-	(522,294)	(522,294)
Balance at December 31, 2015	**22,746,021**	**21,184,769**	**1,565,441**	**-**	**(29,493,271)**	**(6,743,061)**

1 Nature of operations

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

The consolidated financial statements of the Company for the year ended December 31, 2015 comprise the Company and its subsidiaries (Note 2(b)). These consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated. The Company is listed on the TSX Venture Exchange ("TSX-V: LMG") and the Frankfurt Stock Exchange ("ZMG").

2 Basis of Presentation

(a) Basis of preparation

The consolidated financial statements for the year ended December 31, 2015 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 measure at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Going concern assumption

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

The Company has not yet determined whether its mineral properties contain ore reserves; therefore, the Company has incurred ongoing losses since inception. Further, the Company has a working capital deficiency of $3,947,898 and total liabilities of $6,801,837. The future success of the Company is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon establishing future profitable production, or realization of proceeds on disposal.

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

New and amended standards adopted by the Company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after January 1, 2015 that had 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 future periods and have not been applied in preparing these consolidated financial statements. Management is assessing the impact on the Company's consolidated financial statements.

Financial instruments

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.

(b) Consolidation

Subsidiaries

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

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

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

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

(c) Segment reporting

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

(d) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

(h) Financial assets

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

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

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

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

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

(i) Financial liabilities

Trade Payables

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

Borrowings

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

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

Compound financial instruments

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

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

(j) Share capital

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

(k) Earnings (loss) per share

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

(l) Share-based compensation

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

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

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

(m) Current and deferred income tax

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

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

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

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

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

(n) Provision

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

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

(o) Leases

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

(p) Related party transactions

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

3 Critical accounting estimates and judgements

The preparation of 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:

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 Available-for-sale investments

On October 10, 2014, the Company closed the sale of the La Bufa property 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 had recognized an unrealized loss on the shares of $95,091.

During the year ended December 31, 2015, the Company sold 40,587 Endeavour shares for total proceeds of $112,564 resulting in a loss of $85,618.

5 Mineral properties

	United States		
	Pine Grove	Bell Mountain	**Total**
	$	**$**	**$**
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 and December 31, 2015	**-**	**-**	**-**

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.

During the year ended December 31, 2015, 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.

Exploration expenditures (recoveries) incurred during the year ended December 31, 2015:

	United States			**Total**
	Pine Grove	**Oro Cruz**	**Bell Mountain**	
	$	**$**	**$**	**$**
Contractors	74,670	46,908	55,061	**176,639**
Drilling and metallurgical	1,634	-	9,540	**11,174**
Field supplies	90	-	-	**90**
General administration	67,802	5,916	(39,100)	**34,618**
Geochemistry	-	-	(8,655)	**(8,655)**
Land maintenance	5,484	30,102	-	**35,586**
Permitting environment	13,081	-	13,982	**27,063**
Travel and accommodation	140	403	8	**551**
Vehicle operating	-	51	2,268	**2,319**
Total mineral property expenditures	**162,901**	**83,380**	**33,104**	**279,385**

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

Exploration expenditures (recoveries) 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**

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.

<u>United States</u>

(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 and 2015 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 and 2015 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, 2014 and 2015)

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.

The Company was informed by Lyon Grove that the lease is not in good standing as a result of the Company missing certain lease payments as noted above.

(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 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-down the capitalized value of its Pine Grove property by $784,116 to $nil.

(b) Oro Cruz Property, California

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

- US$50,000 on the execution date of the agreement (paid)
- US$50,000 by February 22, 2011 (paid)
- US$75,000 by February 22, 2012 (paid)
- US$75,000 by February 22, 2013 (paid)
- US$100,000 by February 22, 2014 ($50,000 paid)
- US$100,000 by February 22, 2015 (not paid)
- US$150,000 by February 22, 2016 (not paid)
- US$200,000 by February 22, 2017 and each subsequent anniversary of the effective date

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

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

- US$250,000 cumulative amount expended by the end of the second lease year (incurred)
- US$300,000 during the third lease year (incurred)
- US$350,000 during the fourth lease year (not incurred)
- US$400,000 during the fifth lease year (not incurred)
- US$450,000 during the sixth lease year (not incurred)
- US$500,000 during the seventh lease year

The Company is currently in default on its payments for this property.

(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.

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

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.

During the year ended December 31, 2014, the Company wrote-down the capitalized value of its Bell Mountain property by $2,263,514 to $nil.

The Company was not able to make its monthly payments and, as a result, during the year ended December 31, 2015, Laurion terminated the purchase agreement related to the Bell Mountain property. As a result, the Company de-recognized the property acquisition liability of $847,722 resulting in a recovery of $847,722 for the year ended December 31, 2015.

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 it was no longer considered recoverable. During the year ended December 31, 2015, the Company received US$20,565 from a third party for the reclamation bond resulting in a recovery of impairment recorded in 2014.

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

The liability is summarized as follows:

	Year ended December 31, 2015	**Year ended December 31, 2014**
	$	**$**
Opening balance	769,095	1,171,846
Foreign exchange rate difference	78,627	-
Repayments	-	(487,414)
Interest accrued during the period	-	84,663
De-recognition upon termination of agreement	(847,722)	-
Closing balance	**-**	**769,095**

(d) La Bufa Property, Mexico

In August 2014, the Company entered into a purchase agreement with Endeavour for the La Bufa property, the proceeds of which will be split equally with Elgin Mining Inc. ("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.

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

6 Provisions

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

The closing balance is summarized as follows:

	December 31, 2015	December 31, 2014
	$	$
Beginning balance	75,406	69,134
Changes in exchange rates	14,554	6,272
Closing balance	**89,960**	**75,406**

During the year ended December 31, 2015, the finance costs in relation to the accretion of the provision are negligible.

7 Loans payable

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

	Year ended December 31, 2015	Year ended December 31, 2014
	$	**$**
Opening balance	1,214,119	1,087,409
Loans provided during the year	57,200	24,300
Interest accrued during the year	104,988	102,410
Closing balance	**1,376,307**	**1,214,119**

During the year ended December 31, 2014, the Company received a $24,300 unsecured demand loan from the President of the Company to fund the Company's current working capital requirements. During the year ended December 31, 2015, the Company received additional $7,200 unsecured demand loan from the President of the Company. 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, 2015, the Company received a $50,000 loan from an arm's length party. The loan is unsecured, bearing interest at 10% per annum, calculated and payable on demand. The Company may repay the principal, in whole or in part, at any time without penalty.

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

8 Promissory notes

On February 28, 2014, the $2,300,000 convertible debenture held by Procon Mining and Tunneling Ltd. and its affiliates (collectively, “Procon”) (plus approximately $175,000 in accrued interest), was repaid in full and discharged using funds through promissory notes maturing February 28, 2019 from companies controlled by two directors of the Company (the “Loans”). The Loans 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, 2015 was $260,389 (2014 - $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. During the year ended December 31, 2015, the Company also received advances of $25,000 (2014 - $400,000) from Mr. Ronald K. Netolitzky. The advances are unsecured, non-interest bearing and due on demand.

During the year ended December 31, 2015, the Company received $50,000 from an insider of the Company. The loan is unsecured and evidence by promissory notes bearing interest at 6% per annum, calculated and payable on demand. The Company may prepay the principal, in whole or in part, at any time without penalty.

During the year ended December 31, 2015, the Company received US$66,000 from a company that has an insider in common with Lincoln. The loan is secured by the Company’s US properties and evidenced by a promissory note bearing interest at 6% per annum. The Company may prepay the principal, in whole or in part, at any time without penalty. Principal and accrued interest was payable upon termination of the note on December 31, 2015. The Company is currently in default of this note and is renegotiating the terms of the note.

9 Related party transactions

The following transactions were carried out with related parties:

Key management personnel – services rendered and other compensation

Key management includes offices and directors – executive and non-executive. The compensation paid or payable to key management personnel for the services rendered during the year ended December 31, 2015 and 2014 were as follows:

	Year ended December 31, 2015	**Year ended December 31, 2014**
	$	**$**
Directors fees	48,000	42,000
Management fees	108,000	108,000
Exploration expenses	154,201	208,006
Accounting fees	81,250	66,384
Share-based compensation	4,561	184,381
Total	**396,012**	**608,771**
Outstanding balances included in accounts payable:	**1,065,568**	**632,288**

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

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

Loans from related parties

See Notes 7 and 8 for further details.

Other transactions with related parties

During the year ended December 31, 2015, the Company received $38,883 from Golden Band Resources Inc., a company with certain officers and directors in common, for office rent.

10 Share capital and reserves

a) Authorized share capital

As at December 31, 2015, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares are fully paid.

b) Capital reserves

	Capital reserve - options	**Capital reserve - warrants**	**Capital reserve – convertible debenture**	**Total**
	$	**$**	**$**	**$**
Balance as at December 31, 2013	985,639	122,871	215,386	1,323,896
Share-based compensation	235,793	-	-	235,793
Balance as at December 31, 2014	1,221,432	122,871	215,386	1,559,689
Share-based compensation	5,752	-	-	5,752
Balance as at December 31, 2015	**1,227,184**	**122,871**	**215,386**	**1,565,441**

c) Stock options

As at December 31, 2015, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
2,024,000	0.15	November 26, 2019
2,024,000		

Stock option transactions for the year ended December 31, 2015 and for year ended December 31, 2014 are summarized as follows:

	Year ended December 31, 2015		**Year ended December 31, 2014**	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
		$		**$**
Balance, beginning of year	2,196,500	0.32	442,500	2.08
Granted	-	-	2,024,000	0.15
Expired	(172,500)	2.66	(240,000)	1.90
Forfeited	-	-	(30,000)	1.90
Balance, end of year	2,024,000	0.15	2,196,500	0.32
Options exercisable, end of year	2,024,000	0.15	2,136,500	0.33

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

During the year ended December 31, 2014, the Company granted 2,024,000 stock options with a fair value of $0.1193 per option. For the year ended December 31, 2015, the Company recorded $5,752 (2014 - $235,793) as share-based compensation for options vested during the year.

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the years ended December 31, 2015 and 2014:

	Year ended December 31, 2015	**Year ended December 31, 2014**
Risk-free interest rate	-	1.47%
Expected life of options	-	5 years
Forfeiture rate	-	0%
Annualized volatility	-	250%
Dividend rate	-	0%

11 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, 2015	December 31, 2014
	$	$
Financial assets *		
Loans and receivables		
Cash	14,929	-
Other receivables	7,687	3,219
Available-for-sale		
Available-for-sale investments	-	103,091
	22,616	106,310
Financial liabilities		
Current		
Amortized at cost		
Accounts payable and accrued liabilities	2,030,594	1,463,413
Loans payable	1,379,307	1,214,119
Property acquisition liability	-	769,095
Promissory notes	569,533	400,000
Non-current		
Amortized at cost		
Promissory notes	2,735,443	2,586,940
	6,714,877	6,433,567

* 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 payable, and promissory notes approximated their fair value because of the relatively short-term nature of these instruments.

Foreign exchange risk

The Company's operations in the United States expose the Company to foreign exchange risk. The Company is subject to currency risk due to the fluctuations of exchange rates between the Canadian and US dollars. The Company does not believe it is exposed to significant foreign exchange risk. A 10% fluctuation in the foreign exchange rate between the Canadian and US dollar will result in a foreign exchange gain/loss of approximately $76,000. The Company does not enter into derivative financial instruments to mitigate foreign exchange risk.

Credit risk

The Company is not exposed to material credit risk.

Interest rate risk

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

Liquidity risk

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

Price risk

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

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

12 Supplemental cash flow information

The significant non-cash investing and financing transactions are following

	December 31, 2015	December 31, 2014
	$	$
Common shares issued for debt	-	1,029,000

13 Commitment

In addition to commitments disclosed elsewhere in the consolidated financial statements, pursuant to a premises lease, the Company’s future lease commitment as at December 31, 2015 are as follows:

No later than 1 year	$ 55,704
Later than 1 year and no later than 5 years	$ 97,482

14 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, 2014	
United States of America	2,842
Canada	41,075
	43,917
December 31, 2015	
United States of America	5,000
Canada	25,240
	30,240

15 Income taxes

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

	Year ended December 31, 2015	Year ended December 31, 2014
	$	$
Loss for the year	(522,294)	(5,115,924)
Expected income tax recovery	(136,000)	(1,330,000)
Change in statutory, foreign tax, foreign exchange rates and other	1,345,000	(670,000)
Permanent differences	(296,000)	400,000
Change in unrecognized deductible temporary differences	(913,000)	1,600,000
	-	-

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

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

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

	December 31, 2015	**December 31, 2014**
	$	**$**
Deferred tax assets (liabilities)		
Property acquisition	-	(96,000)
Non-capital losses	-	96,000
Net deferred tax asset (liability)	-	-

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

	December 31, 2015	**December 31, 2014**	**Expiry Date Range**
	$	**$**	
Temporary differences:			
Mineral properties	5,029,000	10,416,000	No expiry date
Share issue costs	30,000	83,000	2035 to 2036
Other	150,000	139,000	No expiry
Non-capital losses available for future periods	15,623,000	13,331,000	2026 to 2035

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

FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) AS OF APRIL 29, 2016 TO ACCOMPANY THE CONSOLIDATED FINANCIAL STATEMENTS OF LINCOLN MINING CORPORATION (THE "COMPANY" OR "LINCOLN") FOR THE YEAR ENDED DECEMBER 31, 2015.

This Management's Discussion and Analysis ("MD&A"), which has been prepared as of April 29, 2016, should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2015. All financial amounts are stated in Canadian currency unless stated otherwise.

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

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

1. Overview

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

Lincoln Mining Corp. is a precious metals exploration and development company with two projects in various stages of exploration which include the Pine Grove property in Nevada, USA, and the Oro Cruz gold property in California, USA. The Company's interest in the Bell Mountain property in Nevada was reassigned to Laurion due to Lincoln's default in making the payments. Lincoln is exploring ways to reacquire the property. In the United States, the Company operates under its subsidiaries, Lincoln Gold US Corp and Lincoln Resource Group Corp.

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

Bell Mountain Project Status

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. Eros Resources Corp. ("Eros") has acquired the property from Laurion. Eros has invested in Lincoln and Lincoln is exploring ways to reacquire the property from Eros. (refer to news release dated February 4, 2015 for further details).

(in Canadian dollars, unless otherwise stated)

2. Results of Operations

Results of Operations – For the year ended December 31, 2015

For the year ended December 31, 2015, the Company incurred an operational loss of $522,294 (2014: $5,115,924). 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. Included in the net loss for 2015 is the recovery of mineral properties previously impaired and recovery of reclamation bond previously impaired. The significant expenses comprise of the following:

	2015	2014	2013
	$	$	$
Revenues	-	-	-
Exploration expenses	**279,385**	**675,741**	**1,765,648**
Impairment provision for mineral properties	**-**	**3,047,630**	**1,833,153**
Recovery of mineral properties previously impaired	**(874,018)**	**(219,600)**	**-**
Impairment provision for reclamation bond	**-**	**23,857**	**-**
Administrative expenses (top 5 categories):			
Administrative support	138,528	141,155	203,336
Consulting and management fees	185,205	184,590	163,521
Investor relations and shareholder services	180,879	67,387	171,538
Office maintenance	126,177	222,182	235,647
Professional fees (legal and accounting)	130,851	223,722	848,968
Subtotal	**167,007**	**4,366,664**	**5,221,811**
% to total loss	32%	85%	92%
Other administrative expenses			
Share-based compensation	5,752	235,793	-
Other administrative expenses	280,487	44,648	50,242
Interest income	(217)	(231)	(258)
Interest expense	256,528	469,050	376,960
Loss on sale of available-for-sale investments	85,618	-	-
Write-down of accounts receivable	4,725	-	-
Write-off of accounts payable	(277,606)	-	-
Loss for the year	**522,294**	**5,115,924**	**5,648,755**
Comprehensive loss for the year	**427,203**	**5,211,015**	**5,648,755**
Basic and diluted loss per common share	**(0.02)**	**(0.30)**	**(0.36)**
Total assets	**58,776**	**187,363**	**3,199,203**
Total non-current liabilities	**2,825,403**	**2,662,346**	**2,224,272**
Cash dividends declared per share	**n/a**	**n/a**	**n/a**

Other administrative expenses consists of travel costs of $980 (2014: $19,188; 2013: $24,787), depreciation of $3,886 (2014: $6,710; 2013: $10,683), and foreign exchange loss of $275,621 (2014: $18,750; 2013: $14,772).

Due to cash restraint, the Company decreased its costs related to investor relations and shareholder services compared to 2014. 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 $5,752 (2014: $235,793; 2013: $Nil).

(in Canadian dollars, unless otherwise stated)

The Company's key projects in 2015 were Pine Grove, and Oro Cruz. 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**
	$	**$**	**$**	**$**	**$**	**$**
2015, (IFRS reporting)	162,901	83,380	33,104	-	-	279,385
2014, (IFRS reporting)	318,941	157,797	144,295	46,897	7,811	675,741
2013, (IFRS reporting)	326,388	119,081	1,200,383	87,646	32,150	1,765,648
2012, (IFRS reporting)	234,525	247,285	100,461	402,810	7,590	992,671
2011, (IFRS reporting)	610,664	404,483	-	1,240,844	11,288	2,267,279
2010, (IFRS reporting)	1,609,436	310,637	-	472,534	1,645	2,394,252
2009, (Canadian GAAP)	553,319	7,586	-	121,861	(7,898)	674,868
2008, (Canadian GAAP)	509,333	-	-	1,501,906	14,347	2,025,586
2007, (Canadian GAAP)	154,145	-	-	163,705	25,287	343,137
	4,479,652	**1,330,249**	**1,478,243**	**4,038,203**	**92,220**	**11,418,567**
Less recoveries	**-**	**(328,765)**	**-**	**(1,051,735)**	**-**	**(1,380,500)**
Total exploration expenses incurred	**4,479,652**	**1,001,484**	**1,478,243**	**2,986,468**	**92,220**	**10,038,067**

Summary of Quarterly Results:

2015 Quarterly Results:	**4th Quarter**	**3rd Quarter**	**2nd Quarter**	**1st Quarter**
	$	**$**	**$**	**$**
Revenue	-	-	-	-
Exploration expenses	103,091	93,141	6,664	76,489
Recovery of impairment	(104,923)	-	-	(769,095)
Administrative expenses (incl. interest expense)	638,673	160,231	250,680	254,606
Income (loss)	(363,960)	(253,372)	(278,733)	373,771
Comprehensive income (loss)	(363,960)	(253,372)	(257,326)	447,455
Basic and diluted earnings (loss) per share	(0.02)	(0.01)	(0.01)	0.02
Total assets	58,776	122,178	116,488	102,869
Working capital (deficiency)	(3,947,898)	(3,628,207)	(3,416,829)	(3,208,046)

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)

For the three months ended December 31, 2015, the Company incurred an operational loss of $363,960 (2014: $3,527,181). Significant expenses included exploration expenses of $103,091 (2014: $49,310); professional fees (legal and audit) of $19,496 (2014: $115,035); office maintenance of $41,659 (2014: $42,057); administrative support of $21,789 (2014: $36,322); consulting and management fees of $42,605 (2014: $104,350) and interest expense of $66,711 (2014: $81,705). The administrative expenses remained relatively the same in comparison to the previous corresponding period.

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 2015.

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 –As a result of a technical disclosure review by the British Columbia Securities Commission, 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). Claim payments were made in August to the BLM and the County to keep the property in good standing. The Company did not meet the payment requirement due to Lyon Grove for certain claims included in the Pine Grove Property and, as a result, these 8 claims are not in good standing.

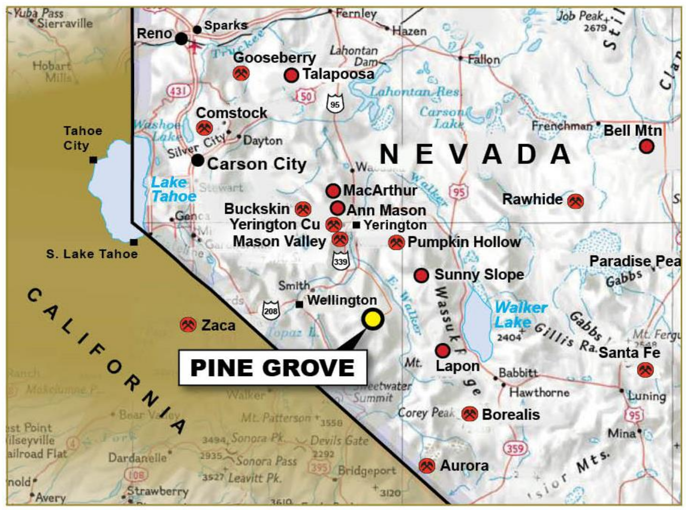
Oro Cruz Property, California - The Oro Cruz property has excellent potential for open-pit and underground mining. An Inferred resource for the project was reported in a NI 43-101 Technical Report in September 2010. Lincoln's immediate goal is to increase and advance the 376,600 Inferred ounces gold 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. No work was carried out on the property in the third quarter. Claim payments were made in late August to the BLM and the County to keep the property in good standing.

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 - 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).

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

(in Canadian dollars, unless otherwise stated)

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.

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

Planned 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.

Oro Cruz Gold Property, Imperial County, California

Oro Cruz – Overview:

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

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

Oro Cruz – History:

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

Claim payments were made in August to the BLM and County to keep the property in good standing.

(in Canadian dollars, unless otherwise stated)

Oro Cruz – Geology & Mineralization:

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

New Opportunities

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

4. Outstanding Share Data

The Company's issued and outstanding common shares are 22,746,021 as at the date of this report.

The Company now has a total of 2,024,000 outstanding options with exercise prices of $0.15.

5. Related Party Transactions

The following transactions were carried out with related parties:

Key management personnel – services rendered and other compensation

Key management includes officers and directors – executive and non-executive. The compensation paid or payable to key management personnel for the services rendered during the years ended December 31, 2015 and 2014 were as follows:

	Year ended December 31, 2015	Year ended December 31, 2014
	$	**$**
Directors fees	48,000	42,000
Management fees	108,000	108,000
Exploration expenses	154,201	208,006
Accounting fees	81,250	66,384
Share-based compensation	4,561	184,381
Total	**396,012**	**608,771**
Outstanding balances included in accounts payable:	**1,065,568**	**632,288**

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

During the year ended December 31, 2014, the Company received a $24,300 unsecured demand loan from the President of the Company to fund the Company's current working capital requirements. During the year ended December 31, 2015, the Company received additional $7,200 unsecured demand loan from the President of the Company. 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 at the time. The advances were unsecured and did not bear interest until November 2014. In October 2014, the Company issued 6,860,000 common shares at a value of $0.15 per share to settle the debt of $1,029,000. The Company also received advances of $425,000 from Mr. Ronald K. Netolitzky. The advances are unsecure non-interest bearing and due on demand.

During the year ended December 31, 2015, the Company received loans totaling CDN$100,000 ($50,000 of which was received from an insider) and US$66,000 from Eros Resource Corp., a company with an insider in common with Lincoln (see news releases dated August 10 and 24, 2015 for details).

Other transactions with related parties

During the year ended December 31, 2015, the Company received $38,883 from Golden Band Resources Inc., a company with certain officers and directors in common, for office rent.

6. Liquidity and Solvency

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

	December 31, 2015	December 31, 2014
	$	$
Working capital (deficiency)	(3,947,898)	(3,703,181)
Long-term debt	2,825,403	2,662,346

	Year ended December 31, 2014	Year ended December 21, 2014
	$	$
Cash used in operating activities	(321,179)	(1,017,894)
Cash used in investing activities	112,564	8,050
Cash provided by financing activities	223,544	965,886
Change in cash	14,929	(43,958)

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

7. Commitment

During the year ended December 31, 2015, the Company signed a new office lease effective October 1, 2015 in the amount of $4,641.87 per month for a period of three years.

8. Capital Resources

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

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

Capital risk management

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

9. Off-Balance Sheet Arrangements

None.

10. Proposed Transactions

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

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

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

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)

Company's title on mineral property interests

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

Income taxes

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

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

12. Financial Instruments

Categories of financial instruments

	December 31, 2015	December 31, 2014
	$	$
Financial assets *		
Loans and receivables		
Cash	14,929	-
Other receivables	7,687	3,219
Available-for-sale		
Available-for-sale investments	-	103,091
	22,616	106,310
Financial liabilities		
Current		
Amortized at cost		
Accounts payable and accrued liabilities	2,030,594	1,463,413
Loans from directors	1,379,307	1,214,119
Property acquisition liability	-	769,095
Promissory notes	569,533	400,000
Non-current		
Amortized at cost		
Promissory notes	2,735,443	2,586,940
	6,714,877	6,433,567

* 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, 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. 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.

13. Risks and Uncertainties

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

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

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

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

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

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

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

14. Trends

Trends in the industry can materially affect how well any junior exploration company is performing. There are two trends that seem to affect the well-being of junior miners. One is the price of the commodity, which is being produced and the other is the general market condition. Over the last few years the trend in the prices of precious metals, in particular gold, has been downward on the spot basis as well as the average trailing prices of the metals. Lincoln management believes that gold prices have stabilized over the past few months and will show an upward trend in the next number of months. 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 change somewhat and markets will start to slowly improve for the juniors. Lincoln is committed to advance its properties to production as quickly as possible to get into a cash flow position.

15. Outlook

The outlook for precious metals appears to be flat to somewhat negative on the short term but depending on economic conditions world-wide this could change. 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.