



**LINCOLN MINING CORPORATION**

**Unaudited condensed interim  
consolidated financial statements**

**for the three months ended March 31, 2016**

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## Notice to Reader

Management has prepared the unaudited condensed interim consolidated financial statements for Lincoln Mining Corporation (the “Company”) in accordance with National Instrument 51-102 released by the Canadian Securities Administration. The Company discloses that its auditors have not reviewed the unaudited consolidated financial statements for the period ended March 31, 2016.



**LINCOLN MINING CORPORATION****Condensed Interim Consolidated Statements of Income and Comprehensive Income**

(Unaudited)

For the three months ended March 31, 2016 and 2015

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

	Notes	Three months ended March 31, 2016	Three months ended March 31, 2015
<b>Exploration expenses</b>	5	8,648	76,489
<b>Recovery of mineral properties previously impaired</b>	5	-	(769,095)
<b>Administrative expenses</b>			
Administrative support		30,503	32,969
Consulting and management fees		40,120	48,445
Depreciation		916	977
Foreign exchange (gain) loss		(16,458)	49,570
Investor relations and shareholder services		7,022	7,933
Office maintenance		4,135	25,401
Professional fees		24,256	24,338
Share-based compensation	10(c)	-	3,053
Travel		-	19
		<b>90,494</b>	<b>192,705</b>
<b>Other items</b>			
Interest expense		66,045	61,901
Loss on sale of available-for-sale investments	4	-	64,229
		<b>66,045</b>	<b>126,130</b>
<b>Income (loss) for the period</b>		<b>(165,187)</b>	<b>373,771</b>
<b>Other comprehensive income</b>			
Reclassification of unrealized loss on sale of available-for-sale investments	4	-	74,972
Unrealized loss on available-for-sale investments		-	(1,288)
<b>Comprehensive income (loss) for the period</b>		<b>(165,187)</b>	<b>447,455</b>
<b>Basic and diluted loss per common share</b>		<b>\$ (0.01)</b>	<b>\$ 0.02</b>
<b>Weighted average number of common shares outstanding</b>		<b>22,746,021</b>	<b>22,746,021</b>

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

**LINCOLN MINING CORPORATION**  
**Condensed Interim Consolidated Statements of Cash Flows**

(Unaudited)

For the three months ended March 31, 2016 and 2015

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

	Three months ended March 31, 2016	Three months ended March 31, 2015
	\$	\$
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
<b>Income (loss) for the period</b>	<b>(165,187)</b>	<b>373,771</b>
Items not affecting cash:		
Recovery of mineral properties previously impaired	-	(769,095)
Accrued interest expense	66,045	61,901
Loss on sale of available-for-sale investments	-	64,229
Depreciation	916	977
Share-based compensation	-	3,053
Unrealized loss on foreign exchange	5,170	7,033
Changes in non-cash working capital items:		
Increase in accounts payable and accrued liabilities	81,998	140,159
Decrease in prepaid expenses and deposits	39	4,774
Decrease (increase) in receivables	(1,760)	(3,825)
<b>Net cash used in operating activities</b>	<b>(12,779)</b>	<b>(117,023)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Proceeds from sale of available-for-sale investments	-	92,023
<b>Net cash provided by investing activity</b>	<b>-</b>	<b>92,023</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Promissory notes issued for cash	-	25,000
Loans from directors	6,610	-
<b>Net cash provided by financing activities</b>	<b>6,610</b>	<b>25,000</b>
<b>Net change in cash for the period</b>	<b>(6,169)</b>	<b>-</b>
<b>Cash, beginning of the period</b>	<b>14,929</b>	<b>-</b>
<b>Cash, end of the period</b>	<b>8,760</b>	<b>-</b>

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

**LINCOLN MINING CORPORATION**  
**Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency**

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

	Number of shares	Share capital \$	Capital reserves \$	Accumulated other comprehensive loss \$	Deficit \$	Total \$
<b>Balance at December 31, 2014</b>	<b>22,746,021</b>	<b>21,184,769</b>	<b>1,559,689</b>	<b>(95,091)</b>	<b>(28,970,977)</b>	<b>(6,321,610)</b>
Share-based compensation	-	-	3,053	-	-	3,053
Reclassification of unrealized loss on sale of available-for-sale investments	-	-	-	74,972	-	74,972
Unrealized loss on available-for-sale investments	-	-	-	(1,288)	-	(1,288)
Loss for the period	-	-	-	-	373,771	373,771
<b>Balance at March 31, 2015</b>	<b>22,746,021</b>	<b>21,184,769</b>	<b>1,562,742</b>	<b>(21,407)</b>	<b>(28,597,206)</b>	<b>(5,871,102)</b>
<b>Balance at December 31, 2015</b>	<b>22,746,021</b>	<b>21,184,769</b>	<b>1,565,441</b>	<b>-</b>	<b>(29,493,271)</b>	<b>(6,743,061)</b>
Loss for the period	-	-	-	-	(165,187)	(165,187)
<b>Balance at March 31, 2016</b>	<b>22,746,021</b>	<b>21,184,769</b>	<b>1,565,441</b>	<b>-</b>	<b>(29,658,458)</b>	<b>(6,908,248)</b>

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

# **LINCOLN MINING CORPORATION**

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

(Unaudited)

For the three months ended March 31, 2016

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

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### **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 condensed interim consolidated financial statements of the Company for the three months ended March 31, 2016 comprise the Company and its subsidiaries (Note 2(b)). These condensed interim consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated. The Company is listed on the TSX Venture Exchange (“TSX-V: LMG”) and the Frankfurt Stock Exchange (“ZMG”).

### **2 Basis of Presentation**

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

The condensed interim consolidated financial statements for the three months ended March 31, 2016 have been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company’s annual consolidated financial statements as at and for the year ended December 31, 2015.

The accounting policies followed in these condensed interim consolidated financial statements are consistent with those applied in the Company’s most recent annual consolidated financial statements for the year ended December 31, 2015.

The condensed interim 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 condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

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

The Company has not yet determined whether its mineral properties contain ore reserves; therefore, the Company has incurred ongoing losses since inception. Further, the Company has a working capital deficiency of \$4,075,832 and total liabilities of \$6,961,660. 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.

# LINCOLN MINING CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2016

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

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### **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, 2016 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

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### **(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.

# LINCOLN MINING CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2016

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

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### 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.

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 three months ended March 31, 2015, the Company sold 32,000 Endeavour shares for total proceeds of \$92,023 resulting in a loss of \$64,229. For the three months ended March 31, 2015, the Company has recognized an unrealized loss on the shares of \$1,288.

During the year ended December 31, 2015, the Company sold all Endeavour shares and as at December 31, 2015 and March 31, 2016, the Company had no Endeavour shares remaining.

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

(Unaudited)

For the three months ended March 31, 2016

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

**5 Mineral properties**

Exploration expenditures (recoveries) incurred during the three months ended March 31, 2016:

	United States			Total
	Pine Grove	Oro Cruz	Bell Mountain	
	\$	\$	\$	\$
Contractors	10,920	2,465	-	13,385
Drilling and metallurgical	97	-	-	97
General administration	5,071	-	(10,896)	(5,825)
Land maintenance	991	-	-	991
<b>Total mineral property expenditures</b>	<b>17,079</b>	<b>2,465</b>	<b>(10,896)</b>	<b>8,648</b>

Exploration expenditures incurred during the three months ended March 31, 2015:

	United States			Total
	Pine Grove	Oro Cruz	Bell Mountain	
	\$	\$	\$	\$
Contractors	30,875	11,748	19,021	61,644
Drilling and metallurgical	372	-	651	1,023
Field supplies	40	-	-	40
General administration	2,893	-	2,597	5,490
Geochemistry	-	-	3,103	3,103
Land maintenance	4,965	-	-	4,965
Travel and accommodation	54	-	-	54
Vehicle operating	-	49	121	170
<b>Total mineral property expenditures</b>	<b>39,199</b>	<b>11,797</b>	<b>25,493</b>	<b>76,489</b>

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

**United States**

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

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

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

**LINCOLN MINING CORPORATION**  
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(Unaudited)

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

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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.

## LINCOLN MINING CORPORATION

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2016

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

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- (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.

## **LINCOLN MINING CORPORATION**

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

(Unaudited)

For the three months ended March 31, 2016

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

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#### **(c) Bell Mountain Property, Nevada**

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

In order to complete the exercise of the Bell Mountain Option to acquire a 100% interest in the property from Globex, the Company must incur an additional \$1,755,000 in exploration expenditures on the property by June 28, 2015.

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

- \$350,000 within five business days of all necessary TSXV approvals (paid),
- \$350,000 by November 30, 2012 (paid),
- \$750,000 on completion of a pre-feasibility study (paid), and
- \$900,000 on or before five months after completion of the pre-feasibility study (\$487,414 paid, see below for amendment).

The Company renegotiated the payment schedule for the Bell Mountain project whereby principal repayments outstanding at September 30, 2013 would accrue interest at a rate of 4% per annum and would be due in full by December 31, 2013. During the year ended December 31, 2013, the Company made principal repayments of \$490,000 and for the year ended December 31, 2014, made additional principal payments of \$487,414.

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

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.

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

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:

	<b>Three months ended March 31, 2016</b>	<b>Year ended December 31, 2015</b>
	\$	\$
Opening balance	-	769,095
Foreign exchange rate difference	-	78,627
Repayments	-	-
Interest accrued during the period	-	-
De-recognition upon termination of agreement	-	(847,722)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

**(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.

**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:

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
	\$	\$
Beginning balance	89,960	75,406
Changes in exchange rates	(702)	14,554
<b>Closing balance</b>	<b>89,258</b>	<b>89,960</b>

For the three months ended March 31, 2016, the finance costs in relation to the accretion of the provision are negligible.

# LINCOLN MINING CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2016

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

### 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.

	Three months ended March 31, 2016	Year ended December 31, 2015
	\$	\$
Opening balance	1,376,307	1,214,119
Loans provided during the year	6,610	57,200
Interest accrued during the year	26,992	104,988
<b>Closing balance</b>	<b>1,409,909</b>	<b>1,376,307</b>

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. During the three months ended March 31, 2016, the Company received additional 6,610 unsecured demand loan from the President of the Company. The loan is unsecured, bearing interest at 5% per annum, calculated and payable on demand. The Company may repay the principal, in whole or in part, at any time without penalty.

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.

### 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 March 31, 2016 was \$297,413 (December 31, 2015 - \$260,389).

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. Netolitzky, 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 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 evidenced by promissory notes bearing interest at 6% per annum, calculated and payable on demand. The Company may prepay the principal, in whole or in part, at any time without penalty.

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.

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

(Unaudited)

For the three months ended March 31, 2016

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

**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 three months ended March 31, 2016 and 2015 were as follows:

	Three months ended March 31, 2016	Three months ended March 31, 2015
	\$	\$
Directors fees	12,000	12,000
Management fees	27,000	27,000
Exploration expenses	20,252	77,366
Accounting fees	15,000	15,450
Share-based compensation	-	2,495
<b>Total</b>	<b>74,252</b>	<b>134,311</b>

	As at March 31, 2016	As at December 31, 2015
	\$	\$
Outstanding balances included in accounts payable:	1,232,806	1,065,568

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

**Loans from related parties**

See Notes 7 and 8 for further details.

**Other transactions with related parties**

During the three months ended March 31, 2016, the Company received \$7,500 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 March 31, 2016, 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.

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

(Unaudited)

For the three months ended March 31, 2016

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

**b) Capital reserves**

	Capital reserve - options	Capital reserve - warrants	Capital reserve – convertible debenture	Total
	\$	\$	\$	\$
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
Share-based compensation	-	-	-	-
<b>Balance as at March 31, 2016</b>	<b>1,227,184</b>	<b>122,871</b>	<b>215,386</b>	<b>1,565,441</b>

**c) Stock options**

As at March 31, 2016, 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
<b>2,024,000</b>		

Stock option transactions for the three months ended March 31, 2016 and for year ended December 31, 2015 are summarized as follows:

	Three months ended March 31, 2016		Year ended December 31, 2015	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
		\$		\$
Balance, beginning of year	2,024,000	0.15	2,196,500	0.32
Expired	-	-	(172,500)	2.66
Balance, end of year	2,024,000	0.15	2,024,000	0.15
Options exercisable, end of year	2,024,000	0.15	2,024,000	0.15

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 three months ended March 31, 2016, the Company recorded \$Nil (2015 - \$3,053) as share-based compensation for options vested during the year.

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

(Unaudited)

For the three months ended March 31, 2016

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

**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.

**Categories of financial instruments**

	March 31, 2016	December 31, 2015
	\$	\$
<b>Financial assets *</b>		
<i>Loans and receivables</i>		
Cash	8,760	14,929
Other receivables	12,391	7,687
	21,151	22,616
<b>Financial liabilities</b>		
<b>Current</b>		
<i>Amortized at cost</i>		
Accounts payable and accrued liabilities	2,112,592	2,030,594
Loans payable	1,409,909	1,379,307
Promissory notes	577,434	569,533
<b>Non-current</b>		
<i>Amortized at cost</i>		
Promissory notes	2,772,467	2,735,443
	6,872,402	6,714,877

\* 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. The Company does not enter into derivative financial instruments to mitigate foreign exchange risk.

# LINCOLN MINING CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2016

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

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### **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.

## **12 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	\$ 83,556

## **13 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.

	<b>Non-current assets</b>
	<b>\$</b>
<b>December 31, 2015</b>	
United States of America	5,000
Canada	25,240
	<b>30,240</b>
<b>March 31, 2016</b>	
United States of America	4,106
Canada	25,203
	<b>29,309</b>

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

(Unaudited)

*For the three months ended March 31, 2016*

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

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**14 Events After the Reporting Period**

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

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

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



## FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) AS OF MAY 30, 2016 TO ACCOMPANY THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF LINCOLN MINING CORPORATION (THE "COMPANY" OR "LINCOLN") FOR THE THREE MONTHS ENDED MARCH 31, 2016.

This Management's Discussion and Analysis ("MD&A"), which has been prepared as of May 30, 2016, should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 2016 and the annual 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 undue reliance on these forward-looking statements.

Additional information relating to the Company's activities may be found on the Company's website at [www.lincolnmining.com](http://www.lincolnmining.com) and at [www.sedar.com](http://www.sedar.com).

### 1. Overview

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Lincoln 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).

**FORM 51-102F1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the three months ended March 31, 2016**

*(in Canadian dollars, unless otherwise stated)*

**2. Results of Operations**

**Results of Operations – For the three months ended March 31, 2016**

For the three months ended March 31, 2016, the Company incurred an operational loss of \$165,187 (2015: income of \$447,455). In 2015, the Company recognized a recovery of mineral properties previously impaired of \$769,095 resulting in an overall net income for the period.

Significant administrative expenses include administrative support fees of \$30,503 (2015: \$32,969), consulting and management fees of \$40,120 (2015: \$48,445), professional fees of \$24,256 (2015: \$24,338) and foreign exchange gain of \$16,458 (2015: loss of \$49,570).

Office maintenance costs decreased significantly to \$4,135 from \$25,401 in 2015. This is a result of the Company's effort to reduce costs due to cash restraints.

Also affecting the net income in 2015 was \$64,229 from the sale of Endeavour shares.

The Company's key projects 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
	\$	\$	\$	\$	\$	\$
<b>March 31, 2016</b> , (IFRS reporting)	17,079	2,465	(10,896)	-	-	8,648
<b>2015</b> , (IFRS reporting)	162,901	83,380	33,104	-	-	279,385
<b>2014</b> , (IFRS reporting)	318,941	157,797	144,295	46,897	7,811	675,741
<b>2013</b> , (IFRS reporting)	326,388	119,081	1,200,383	87,646	32,150	1,765,648
<b>2012</b> , (IFRS reporting)	234,525	247,285	100,461	402,810	7,590	992,671
<b>2011</b> , (IFRS reporting)	610,664	404,483	-	1,240,844	11,288	2,267,279
<b>2010</b> , (IFRS reporting)	1,609,436	310,637	-	472,534	1,645	2,394,252
<b>2009</b> , (Canadian GAAP)	553,319	7,586	-	121,861	(7,898)	674,868
<b>2008</b> , (Canadian GAAP)	509,333	-	-	1,501,906	14,347	2,025,586
<b>2007</b> , (Canadian GAAP)	154,145	-	-	163,705	25,287	343,137
	<b>4,496,731</b>	<b>1,332,714</b>	<b>1,467,347</b>	<b>4,038,203</b>	<b>92,220</b>	<b>11,427,215</b>
<b>Less recoveries</b>	-	(328,765)	-	(1,051,735)	-	(1,380,500)
<b>Total exploration expenses incurred</b>	<b>4,496,731</b>	<b>1,003,949</b>	<b>1,467,347</b>	<b>2,986,468</b>	<b>92,220</b>	<b>10,046,715</b>

**Summary of Quarterly Results:**

2016 Quarterly Results:	4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Quarter
	\$	\$	\$	\$
Revenue				-
Exploration expenses				8,648
Recovery of impairment				-
Administrative expenses (incl. interest expense)				156,539
Income (loss)				(165,187)
Comprehensive income (loss)				(165,187)
Basic and diluted earnings (loss) per share				(0.01)
Total assets				53,412
Working capital (deficiency)				(4,075,832)

**FORM 51-102F1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the three months ended March 31, 2016**

*(in Canadian dollars, unless otherwise stated)*

<b>2015 Quarterly Results:</b>	<b>4<sup>th</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>2<sup>nd</sup> Quarter</b>	<b>1<sup>st</sup> Quarter</b>
	\$	\$	\$	\$
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)

<b>2014 Quarterly Results:</b>	<b>4<sup>th</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>2<sup>nd</sup> Quarter</b>	<b>1<sup>st</sup> Quarter</b>
	\$	\$	\$	\$
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 March 31, 2016, the Company incurred an operational loss of \$165,187 (2015: net income of \$373,771). Significant expenses included exploration expenses of \$8,648 (2015: \$76,489); professional fees (legal and audit) of \$24,256 (2015: \$24,338); office maintenance of \$4,135 (2015: \$25,401); administrative support of \$30,503 (2015: \$32,969); consulting and management fees of \$40,120 (2015: \$48,445) and interest expense of \$66,045 (2015: \$61,901). 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.

The administrative expenses over the recent quarters decreased as a result of a serious working capital deficiency experienced by the Company.

**FORM 51-102F1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the three months ended March 31, 2016**

*(in Canadian dollars, unless otherwise stated)*

### 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.

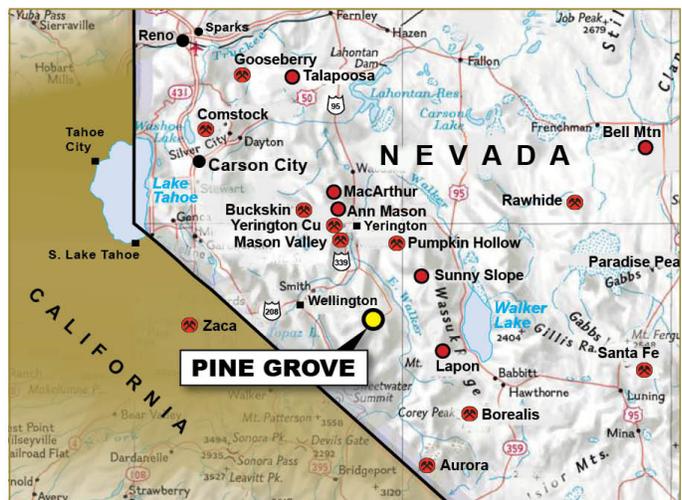
#### **Pine Grove Gold Property, Lyon County, Nevada**

##### **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 dated 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.



**FORM 51-102F1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the three months ended March 31, 2016**

*(in Canadian dollars, unless otherwise stated)*

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

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

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

***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](http://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](http://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.

***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**

	Tons	Cutoff Grade	Average Grade	Contained Ozs
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**FORM 51-102F1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the three months ended March 31, 2016**

*(in Canadian dollars, unless otherwise stated)*

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<b>Category</b>		<b>Opt Gold</b>	<b>Opt Gold</b>	<b>Gold</b>
<b>Measured</b>	2,356,000	0.007	0.041	97,300
<b>Indicated</b>	1,017,000	0.007	0.037	37,200
<b>Measured + Indicated</b>	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 viability.

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**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 viability.

**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.

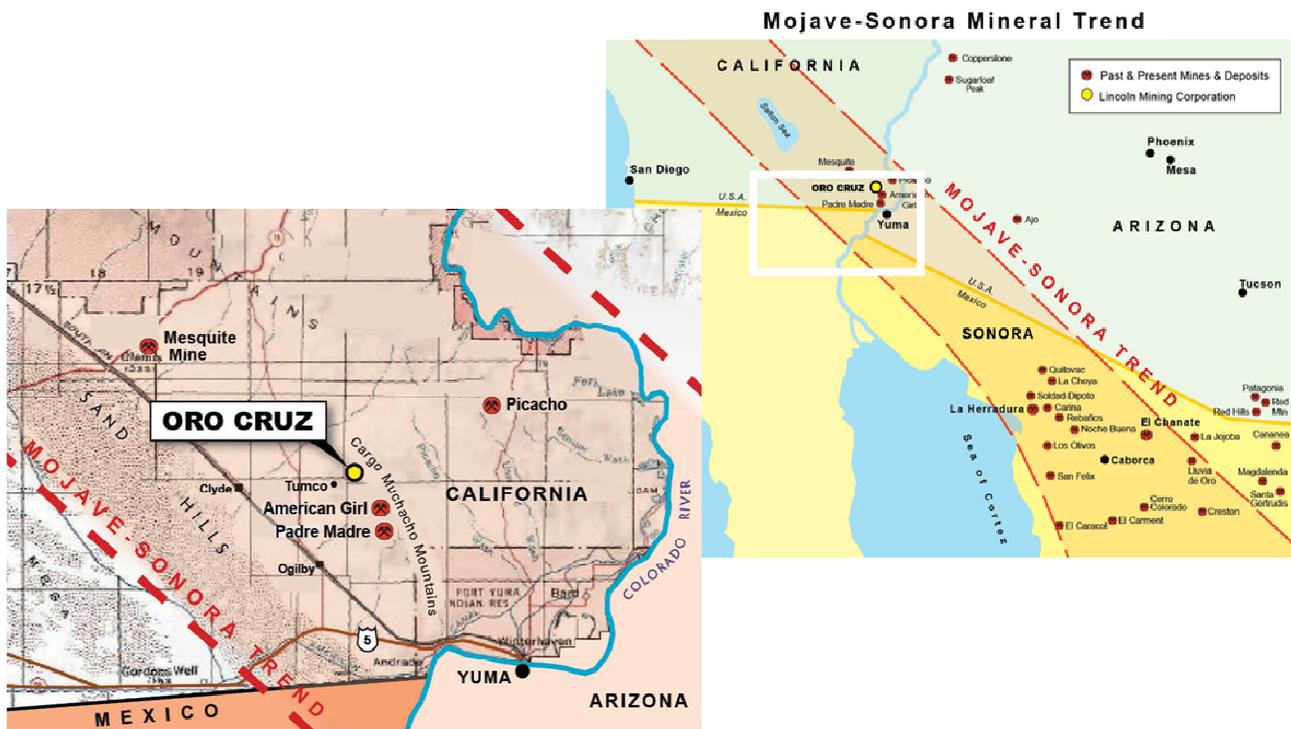
Lincoln plans to advance the Pine Grove project to an open-pit mine with heap-leach gold recovery.

**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.



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**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.

**Oro Cruz – Geology & Mineralization:**

**Oro Cruz Gold Resources – September 2010**

<b>Category</b>	<b>Cutoff Grade (opt gold)</b>	<b>Short Tons</b>	<b>Average Grade (opt gold)</b>	<b>Contained Ozs Gold</b>
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**

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

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

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**5. Related Party Transactions**

The following transactions were carried out with related parties:

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

Key management includes offices and directors – executive and non-executive. The compensation paid or payable to key management personnel for the services rendered during the three months ended March 31, 2016 and 2015 were as follows:

	<b>Three months ended March 31, 2016</b>	<b>Three months ended March 31, 2015</b>
	\$	\$
Directors fees	12,000	12,000
Management fees	27,000	27,000
Exploration expenses	20,252	77,366
Accounting fees	15,000	15,450
Share-based compensation	-	2,495
<b>Total</b>	<b>74,252</b>	<b>134,311</b>

	<b>As at March 31, 2016</b>	<b>As at December 31, 2015</b>
	\$	\$
Outstanding balances included in accounts payable:	<b>1,232,806</b>	<b>1,065,568</b>

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. During the three months ended March 31, 2016, the Company received additional 6,610 unsecured demand loan from the President of the Company. The loan is unsecured, bearing interest at 5% per annum, calculated and payable on demand. The Company may repay the principal, in whole or in part, at any time without penalty.

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. Netolitzky, 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 unsecured non-interest bearing and due on demand.

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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 three months ended March 31, 2016, the Company received \$7,500 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:

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
	\$	\$
Working capital (deficiency)	(4,075,832)	(3,947,898)
Long-term debt	2,861,725	2,825,403

	<b>Three months ended March 31, 2016</b>	<b>Three months ended March 31, 2015</b>
	\$	\$
Cash used in operating activities	(12,779)	(117,023)
Cash used in investing activity	-	92,023
Cash provided by financing activities	6,610	25,000
Change in cash	(6,169)	-

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 \$4,642 per month for a period of three years.

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## **8. Capital Resources**

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

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

### *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**

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None.

## **10. Proposed Transactions**

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

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

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

### **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:

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

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

**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**

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
	\$	\$
<b>Financial assets *</b>		
<i>Loans and receivables</i>		
Cash	8,760	14,929
Other receivables	12,391	7,687
	21,151	22,616
<b>Financial liabilities</b>		
<b>Current</b>		
<i>Amortized at cost</i>		
Accounts payable and accrued liabilities	2,112,592	2,030,594
Loans from directors	1,409,909	1,379,307
Property acquisition liability	577,434	-
Promissory notes		569,533
<b>Non-current</b>		
<i>Amortized at cost</i>	2,772,467	
Promissory notes	6,872,402	2,735,443
	8,760	6,714,877

\* 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.

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**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**

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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.

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#### **14. Trends**

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Trends in the industry can materially affect how well any junior exploration company is performing. There are two trends that seem to affect the well-being of junior miners. 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**

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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.