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Lincoln Mining Announces Positive Preliminary Economic Assessment at Its Pine Grove Project, Lyon County, Nevada

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Vancouver, British Columbia – Lincoln Mining Corporation , TSX-V: LMG (“Lincoln” or the “Company”) is pleased to announce that it has received a positive preliminary economic assessment (“PEA”) on the proposed open-pit mining and heap leach operation at its Pine Grove Gold Project located in the Pine Grove Hills approximately 20 miles south of Yerington, Nevada. The PEA was completed by Telesto Nevada Inc. (“Telesto”) in Reno, Nevada. The PEA reports that “A detailed economic analysis was completed for the Pine Grove Project utilizing information from Cost Mine for labour rates and some capital items, quotations from vendors and Telesto experience with projects of similar size and nature. The project is relatively sound with a free cash flow of US\$32 million dollars at a gold price of US\$1425 (all dollars referred to herein are \$US), an IRR of 31% and Net Present Value of \$21 million at a 5% discount rate . These amounts include all preproduction costs, capital, operating costs and such items as royalties and the Nevada Net Proceeds Tax”. Under the PEA, mining will be conducted by a contract miner. Lincoln will be responsible for crushing, agglomeration, stacking and processing. The gold will be stripped from the loaded carbon by an offsite independent refiner.

Base Case Highlights:

- The project has two potentially mineable gold deposits, the Wheeler and the nearby Wilson
- Total Combined measured and indicated resources 6,055,000 tons
- Average Combined resource grade of 0.034 opt at a 0.007 opt cutoff grade
- Resources within a designed pit shell: Combined 3,470,000 tons measured resources (81%) and indicated resources (19%)
- Combined average resource grade within a designed pit shell of 0.042 opt gold at a cutoff grade of 0.007 opt gold
- Combined average resources within a designed pit shell are 145,000 ozs gold
- Significant exploration potential beyond current resources
- Two conventional open pits with overall stripping ratio of 3:1 including ramps; 50° slopes
- Total of 3.5 million tons ore and 10.7 million tons waste
- Goal of 1 million tons ore mined per year and delivered to the crusher (contract miner)
- Crush ore to 3/8-inch, agglomerate, and stack (Lincoln)
- Heap leach ultimate gold recovery of 75%
- Gold stripped from loaded carbon offsite (independent refiner)
- Offsite assay laboratory (Lincoln)
- Power generated on site
- Water from local wells

Base Case Economics:

- Mine life of 6 years of operations; first year preproduction, production of 26,200 to 28,200 ounces per year over a 4-year period plus a final year of pad rinsing
- Base case gold price of \$1425 per troy oz gold (60% 3-year previous average + 40% 2-year forward projection – Aug. 23, 2011)
- Total Direct Capital costs are estimated at \$22.9 million plus \$4.5 million contingency
- Projected production cash costs are approximately \$799/oz gold recovered on average
- Internal Rate of Return (“IRR”) of 31% after royalties, reclamation costs, and the Nevada Net Proceeds Tax
- Free cash flow of \$32.2 million before discounting and a Net Present Value (“NPV”) of \$21 million based on a 5% discount rate
- Payback on capital is expected in 32 months

The proposed mining operation would commence with the Wheeler deposit which contains the higher grades and lower stripping ratios and then mining would shift to the Wilson deposit.

Other Case Considerations:

A sensitivity analysis was also carried out in the PEA. This involved assessing the change in the IRR and the NPV by applying varying parameters such as the operating and capital costs as well as gold price. Examples of various parameters are listed below:

- At \$1700 gold price the NPV at 5% discount rate is \$41 mm and the IRR is 52%. At \$1225 gold price the NPV at 5% discount rate is \$6 mm and the IRR is 13%.
- A reduction in operating costs of 10% will increase the NPV at 5% discount rate to \$27.4 mm at an IRR of 39%. An increase of 10% will drop the NPV to \$14.1 mm at an IRR of 23%.
- A reduction in the capital cost of 10% will increase the NPV at 5% discount rate to \$23.4 mm at an IRR of 36%. An increase of 10% will drop the NPV to \$18.2 mm at an IRR of 18.2%.

Summary tables of Pine Grove Total Resources and Resources Within A Designed Pit Shell are presented below:

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

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

**Measured and Indicated Resources Within Pit Shell (included in Total Resources above)
At 0.007 opt Au cutoff (as at December 8, 2011)**

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

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

Capital Cost Parameters

Permitting, Engineering and Bonding \$3.7 million
 Condemnation Drilling \$1.0 million
 Leach Pad Construction \$2.8 million
 Crushing, Conveying Equipment \$2.7 million
 Process Plant \$1.7 million
 Earthwork and prestripping \$9.4 million
 Site layout \$1.6 million
 Contingency \$4.5 million

Operating Cost Parameters

Average Mining Cost per ton material \$2.33
 Crushing, Leaching and Processing Cost per ton ore \$14.26
 G&A Cost at \$2.95 per ton ore
 Total average cost per ton ore \$25.07

Economic Analysis

The economic viability of Pine Grove was assessed using a pre-tax cash flow model, various production parameters including operating and capital costs, estimated gold production and revenues by year, and various other inputs.

Parameters for the Base Case

Conventional open pit mining up to 1,000,000 tons per year
 Ordinary heap leaching process with agglomeration
 Average head grade of 0.042 ounces per ton
 Average heap leach recovery of 75%
 Gold price of \$1425 per ounce
 Total gold recovered of 108,575 ounces

Gold royalty of 2.5% on part of the ore body and 7% on another
Gross revenue from gold sales of \$154.7 million
Net production Revenue of \$68 million
Capital costs of \$27.4 million
Sustaining capital for first four years of operations \$5.5 million

Environmental and Social

Lincoln is in the early stages of community engagement and is reviewing environmental permitting requirements with the applicable regulatory authorities. Future permitting will require ore and waste samples to be tested for acid rock drainage and the release of other potentially harmful constituents into the environment. It is possible that future updates to the PEA may extend the operating life and value of the open pit operation.

Recommendations

The PEA also recommended, among other things, the following actions:

- Infill and offset drilling around the Wilson deposit should be pursued
- Perform condemnation drilling in proposed waste dump areas and under proposed leach pad
- Drill several deep holes (>1,000 feet) in the Wheeler deposit to condemn the area for backfilling with Wilson waste
- Expand drilling along structural trends and known outlying anomalous intercepts
- Model water table to establish ground water gradient regime
- Collect representative fresh ore samples from each ore type for further metallurgical testing
- Pilot Plant or bench testing test for free gold to determine the size and percentage of gold that is freely liberated for gravity concentration/flotation
- Identify the reason for large variation in lime demand due to metallurgy and mineralogy
- Investigate potential for copper recovery from process streams and determine if this process is economic
- Perform archeological and biological studies in spring 2012 after submission of the Plan of Operations

The authors of the PEA are as follows: Patricia A. Maloney, P.E., John D. Welsh, P.E., Douglas W. Willis, C.P.G., Thom Seal, Ph.D., P.E. Patricia A. Maloney, the principal author of the PEA and a Qualified Person under National Instrument 43-101, has reviewed and approved the scientific and technical information in this news release and consented to the inclusion of extracts and summaries from the PEA contained herein.

The PEA for the proposed open pit mining operation on the Pine Grove property will be posted on SEDAR within 45 days of the date of this news release as required under NI 43-101.

About Lincoln

Lincoln Mining Corp. is a Canadian precious metals exploration and development company with several projects in various stages of exploration and development which include the Pine Grove gold property, the Oro Cruz gold property in California and the La Bufa gold-silver property in Mexico. In the United States, the Company operates under Lincoln Gold US Corp., a Nevada corporation.

For further information, please contact Investor Relations at 604-688-7377 or visit the Company's website at www.lincolnmining.com.

On behalf of Lincoln Mining Corporation

"Paul Saxton"

Paul Saxton, President & CEO

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