

PINE GROVE

Summary

Location:
Lyon County,
Western Nevada

Commodities:
Gold

Ownership:
100% Lincoln interest

Status:
Development-stage
gold project

Positive preliminary
economic assessment
by Telesto Nevada Inc.
announced on Dec. 8/11

Significant exploration
potential exists beyond
current resources

Plans:
Continue to advance
the Pine Grove project
towards production

Overview

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

Two hundred seventy-three holes have been drilled in the district. Eighty-three holes were drilled in 2009 & 2010 by Lincoln. High-grade gold intercepts were encountered. New targets offer potential for additional resources.

On March 21, 2011, Lincoln filed an updated NI 43-101 technical report, compiled by Tetra Tech, Inc. reporting Indicated resources of 177,000 ozs gold at an average grade of 0.033 opt gold and Inferred resources of 115,000 ozs gold at an average grade of 0.028 opt gold, both at a cutoff grade of 0.010 gold. The technical report supports step-out drilling and other work to expand existing resources.

On December 8, 2011, Lincoln announced that it has received a positive preliminary economic assessment ("PEA") for a proposed open-pit mining and heap-leach operation at its Pine Grove gold project. A summary table of Measured and Indicated resources and Inferred resources are presented below:

Deposit	Tons (000s)	Cutoff Grade Gold (opt)	Avg. Grade Gold (opt)	Contained Gold (oz)
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
Inferred	1,596	0.007	0.027	43,100

Photos: Left - Paul Saxton, President & CEO and Jeffrey Wilson, EVP & V.P. Exploration on Wilson deposit, Right top to bottom - Wheeler deposit; RC drilling summer 2010; Wilson deposit.

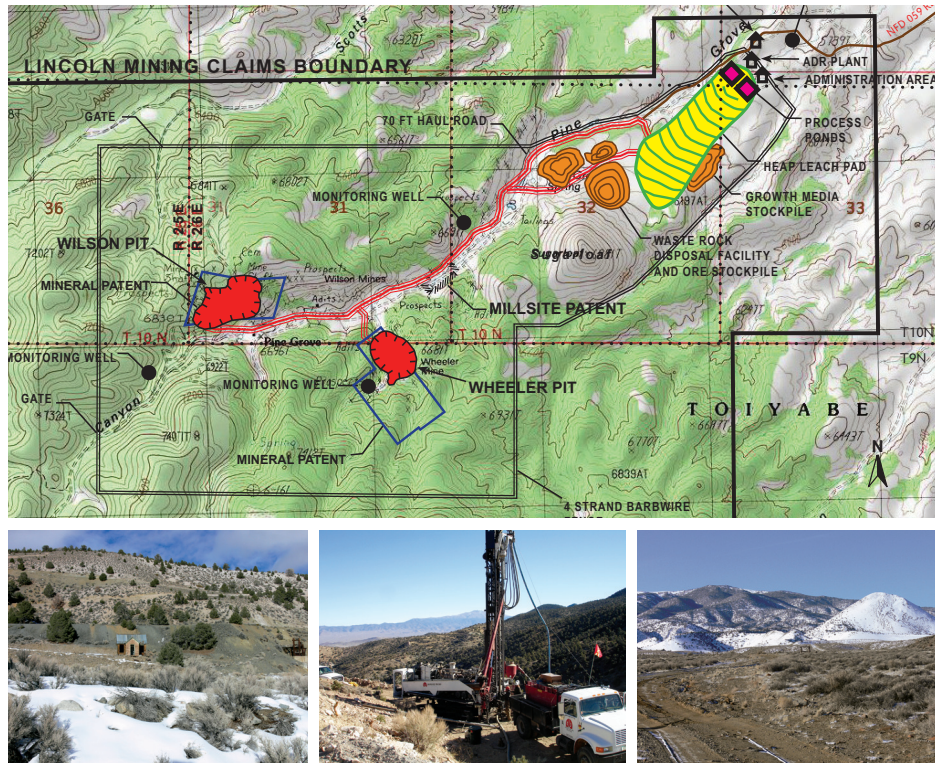
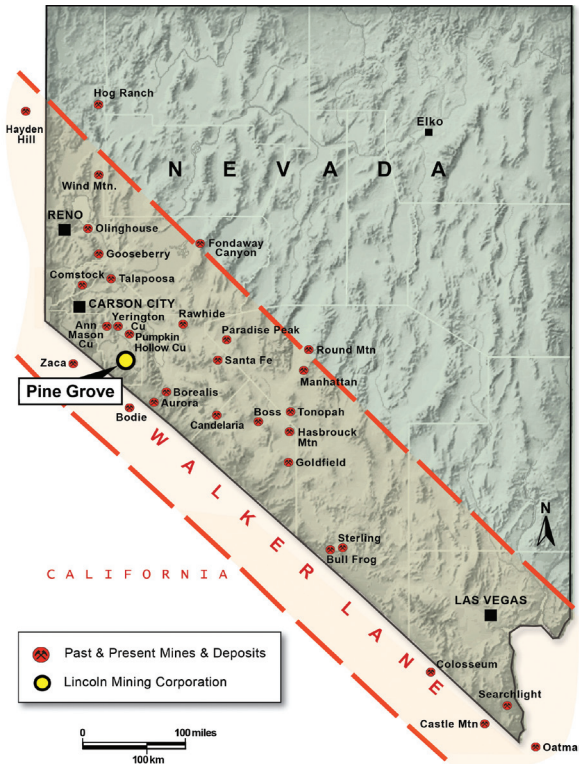
Project Scope & Plans

Lincoln Mining plans to put the Pine Grove district back into production. The PEA reports significant exploration potential exists beyond current resources. Continued permitting, metallurgy and design work are planned as the project advances towards production.



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Images and Photos: Top left - Location of Pine Grove Property on Walker Lane Mineral Trend. Top Right - Pine Grove project - Site Layout. Bottom left - Historic workings with Wilson deposit in background. Centre - Drilling on Wilson deposit. Bottom right - Gravel road access to Pine Grove project with Sugarloaf to the right.

Present Resources

- Preliminary Economic Assessment announced on December 8, 2011
- Total Measured and Indicated resources of 6,055,000 tons grading 0.034 opt gold at cutoff grade of 0.007 opt gold (203,900 ozs gold)
- Measured and Indicated resources within designed pit shells (included in total above) of 3,470,000 tons grading 0.042 opt gold (145,000 ozs gold)
- Total Inferred resources of 1,596,000 tons grading 0.027 opt gold at cutoff grade of 0.007 opt gold (43,100 ozs gold)
- Significant exploration potential exists beyond current resources

History

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

Geology & Mineralization

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

Recent Activities

On December 8, 2011, Lincoln announced that it had received a positive preliminary economic assessment ("PEA") on the proposed open-pit and heap-leach operations at the Pine Grove gold project. The PEA was completed by Telesto Nevada Inc. of Reno, Nevada. The report states that "A detailed economic analysis was completed for the Pine Grove project utilizing information from Cost Mine for labor rates and some capital items, quotations from vendors, and Telesto's 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 \$1,425 oz."

Combined Measured resources (81%) and Indicated resources (19%) within designed pit shells total 3,470,000 tons grading 0.042 opt gold containing 145,000 ozs gold at a cutoff grade of 0.007 opt gold. The base case utilizes a gold price of \$1,425 per oz at a cutoff grade of 0.007 opt gold. The PEA recommends two conventional open-pits with a combined stripping ratio of 3:1, including ramps and 50° pit-wall slopes. Contract mining will be employed with a goal to deliver 1 million tons of ore to the crusher per year. The ore will be crushed to 3/8 inch and agglomerated. Ultimate gold recovery from heap-leach operations is projected at 75% with gold stripped from loaded carbon at an independent offsite refinery. Mine life is 6 years with preproduction work in the first year followed by 4 years of production of 26,200 to 28,200 ounces per year followed by a final year of pad rinsing. Total direct capital costs are estimated at \$22.9 million plus \$4.5 million contingency. Projected production cash costs are estimated \$799/oz gold recovery on average. The Internal Rate of Return is 31% after royalties, reclamation costs and the Nevada Net proceeds Tax. Free cash flow is estimated at \$32.2 million before discounting the Net Present Value. Payback on capital is expected in 32 months.

Forward-looking Statements Disclaimer: This document may contain forward-looking statements including but not limited to comments regarding the timing and content of upcoming work programs, potential mineral recovery process, availability of capital and financing, etc. Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements. Investors are cautioned not to place undue reliance on such statements.