

## LINCOLN MINING CORPORATION

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### INFORMATION CIRCULAR

(As at May 26, 2011, except as indicated)

Lincoln Mining Corporation (previously named LPT Capital Ltd.) (the "**Company**") is providing this Information Circular and a form of proxy in connection with management's solicitation of proxies for use at the annual general meeting (the "**Meeting**") of the Company to be held on June 30, 2011 and at any adjournments. Unless the context otherwise requires, when we refer in this Information Circular to the Company, its subsidiaries are also included. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation.

#### APPOINTMENT OF PROXYHOLDER

The purpose of a proxy is to designate persons who will vote the proxy on a shareholder's behalf in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or directors of the Company (the "**Management Proxyholders**").

**A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.**

#### VOTING BY PROXY

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting.** Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

**If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.**

**The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting.** At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

## COMPLETION AND RETURN OF PROXY

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, Olympia Trust Company, 1003 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T8, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

## NON-REGISTERED HOLDERS

**Only shareholders whose names appear on the records of the Company as the registered holders of shares or duly appointed proxyholders are permitted to vote at the Meeting.** Most shareholders of the Company are "non-registered" shareholders because the shares they own are not registered in their names but instead registered in the name of a nominee such as a brokerage firm through which they purchased the shares; bank, trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans; or clearing agency such as The Canadian Depository for Securities Limited (a "Nominee"). If you purchased your shares through a broker, you are likely an unregistered holder.

In accordance with securities regulatory policy, the Company has distributed copies of the Meeting materials, being the Notice of Meeting, this Information Circular and the Proxy, to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your shares are voted at the Meeting.

If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

In addition, Canadian securities legislation now permits the Company to forward meeting materials directly to "non objecting beneficial owners". If the Company or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Nominee holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions.

## REVOCABILITY OF PROXY

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered shareholder, his attorney authorized in writing or, if the registered shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. **Only registered shareholders have the right to revoke a proxy. Non-Registered Holders**

who wish to change their vote must, at least 7 days before the Meeting, arrange for their Nominees to revoke the proxy on their behalf.

### VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares without par value (referred to as "**shares**" in this Information Circular), of which 83,236,916 shares are issued and outstanding. Persons who are registered shareholders at the close of business on May 26, 2011 will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held. The Company has only one class of shares.

To the knowledge of the directors and executive officers of the Company, no person beneficially owns, controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all outstanding shares of the Company, except the following:

Name	No. of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly	Percentage of Outstanding Shares
Charles Channing Buckland	12,692,500 <sup>(1)</sup>	15.2%

(1) This information is based on a search of the SEDI website ([www.sedi.ca](http://www.sedi.ca)) conducted on May 26, 2011, which discloses that 9,642,500 of these shares are registered in the name of Discretionary Accounts and 3,000,000 of these shares are registered to a RIF.

### ELECTION OF DIRECTORS

The directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Shareholder approval will be sought to fix the number of directors of the Company at six (6).

The Company has a Compensation Committee and is required to have an Audit Committee. Members of the Company's Compensation and Audit committees are as indicated in the table below.

Management of the Company proposes to nominate each of the following persons for election as a director. Information concerning such persons, as furnished by the individual nominees, is as follows:

Name, Jurisdiction of Residence and Position	Principal Occupation or employment and, if not a previously elected Director, occupation during the past 5 years	Previous Service as a Director	Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly <sup>①</sup>
Paul F. Saxton British Columbia, Canada President and CEO	President and CEO of the Company.	Since August 18, 2009	2,654,323
Andrew F.B. Milligan <sup>②③</sup> British Columbia, Canada Chairman	Director of the Company.	Since August 18, 2009	1,354,332
Philip J. Walsh <sup>②③</sup> British Columbia, Canada	Business consultant.	Since December 15, 2006	Nil

Name, Jurisdiction of Residence and Position	Principal Occupation or employment and, if not a previously elected Director, occupation during the past 5 years	Previous Service as a Director	Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly <sup>①</sup>
Michael Price London, UK	<p>Mining finance consultant. London representative of Resource Capital Funds Management (natural resource fund co. based in Denver, CO) from May 2006 to present.</p> <p>Previously Managing Director, Joint Global Head, Mining and Metals, Barclays Capital (international investment bank).</p> <p>Director of Sumatra Copper and Gold Ltd (listed on Australian Stock Exchange “ASX”) from 2006 to present, Central Asia Metals plc. (listed on AIM) from 2006 to present), Q Resources plc (listed on AIM) from July 2010 to present and Eldorado Gold Corporation (listed on TSX, NYSE and ASX) from May 2011 to present.</p> <p>Also Director of other private mining companies : GV Gold Ltd. (Feb 2007 to present), and Ridgway Mining Ltd. (Feb 2007 to present).</p>	Since April 21, 2010	Nil
Robert Elton <sup>②</sup> British Columbia, Canada	Executive Chair, Powertech Labs from January 2010 to present. Chief Executive Officer, BC Hydro from November 2003 to November 2009.	Since May 16, 2011	Nil
Robert Cruickshank <sup>③</sup> British Columbia, Canada	Chairman, Carmana Technologies Corp. (a TSX listed technology company) from May 2009 to present. Director, Vendtek Systems Inc. (a TSXV listed technology company) from March 2011 to present.	Since May 17, 2011	200,000

- ① Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at May 26, 2011, based upon information furnished to the Company by the individual directors. Unless otherwise indicated, such shares are held directly.
- ② Member of the Audit Committee.
- ③ Member of the Compensation Committee.

No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the company acting solely in such capacity.

Except as set out below, to the knowledge of the Company, no proposed director:

- (a) is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer ("CEO") or chief financial officer ("CFO") of any company (including the Company) that:
  - (i) was the subject, while the proposed director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
  - (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO of such company; or
- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

On May 14, 2009, the British Columbia Securities Commission issued a cease trade order ("CTO") against Lincoln Gold Corporation ("**Lincoln Gold**") for failure to file its annual financial statements and related documents, including an annual information form, in respect of the year ended December 31, 2008. On May 27, 2009, Lincoln Gold filed its audited financial statements and related management's discussion and analysis and certificates. However, the CTO remained in effect pending the filing by

Lincoln Gold of its annual information form as required at the time by BC Instrument 51-509 *Issuers Quoted in the U.S. Over-the-Counter Markets*. At the time of the CTO, Lincoln Gold was not listed on a Canadian exchange but only traded on the U.S. Over-the-Counter Markets. Effective July 16, 2009 the CTO was revoked following the filing of Lincoln Gold's annual information form.

Andrew Milligan was a director, and Paul Saxton was a director and the CEO, of Lincoln Gold until August 18, 2009 at which time they became directors of the Company as part of the Qualifying Transaction (as discussed below under "Executive Compensation"). Lincoln Gold ceased to be a reporting issuer in British Columbia as part of the Qualifying Transaction pursuant to which Lincoln Gold amalgamated with a subsidiary of the Company.

Mr. Saxton served as a director of Cross Lake Minerals Ltd. ("**Cross Lake**") from June 15, 2005 until July 31, 2008. After his resignation, on October 14, 2008, Cross Lake obtained court protection under the Companies' Creditors Arrangement Act (Canada) (the "**CCAA**"), to allow it to develop a reorganization plan with its creditors. On October 23, 2008, the Board of Cross Lake was replaced and Mr. Saxton was appointed to the Board to assist with the restructuring plan. As a necessary and merely facilitating step to complete this restructuring plan, Cross Lake made a voluntarily assignment into bankruptcy and filed a short-term proposal under the Bankruptcy and Insolvency Act (Canada). Upon completion of the restructuring plan, the bankruptcy was annulled in May 2009.

Philip Walsh was an officer and director of International Rochester Energy Corp. ("**Rochester**") in November 1999 when the TSXV suspended trading in Rochester's shares for failure to meet continued listing requirements. In February 2003, the British Columbia Securities Commission, at which time Mr. Walsh was an officer and director, issued a cease trade order against Rochester for failure to file financial statements, which order was revoked on March 21, 2007.

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

#### CPC and Qualifying Transaction

Until August 21, 2009, the Company was a "capital pool company" under Policy 2.4 of the TSXV. As a capital pool company, the Company's primary objective was to conserve its cash for the pursuance of a Qualifying Transaction (as defined in TSXV Policy 2.4). During the time that the Company was a capital pool company, the Company did not have any executive compensation program or strategy.

The Company completed its Qualifying Transaction (referred to in this Information Circular as the "**Qualifying Transaction**") during its financial year ended December 31, 2009 and effective August 21, 2009 the Company commenced trading on the TSXV as a Tier 2 "junior natural resource – mining" company. The Qualifying Transaction involved a plan of arrangement under the *Business Corporations Act* (British Columbia) pursuant to which the Company acquired all of the outstanding shares of Lincoln Gold. Details of the Qualifying Transaction are contained in the joint information circular dated January 19, 2009 and subsequent continuous disclosure filings, available at [www.sedar.com](http://www.sedar.com).

#### Compensation Philosophy and Objectives

The Compensation Committee has the primary responsibility for developing executive compensation strategies for the Company.

The Board has adopted a written charter that sets forth the responsibilities of the Compensation Committee and gives the Committee the authority to engage outside experts to assist in identifying

potential candidates if considered advisable. A copy of the charter is posted on the Company's website ([www.lincolnmining.com](http://www.lincolnmining.com)).

The Company does not currently have a formal compensation program. The Compensation Committee meets to discuss and determine management compensation, without reference to formal objectives, criteria or analysis. The general objectives of the Company's compensation strategy are to (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interest of shareholders; (c) provide a compensation package that is commensurate with other junior mineral exploration companies to enable the Company to attract and retain talent; and (d) to ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is a natural resource company without a history of earnings. The Compensation Committee ensures that total compensation paid to all Named Executive Officers, as hereinafter defined, is fair and reasonable. The Compensation Committee relies on the experience of its members as officers and directors with other junior mining companies in assessing compensation levels.

The Compensation Committee does not benchmark its executive compensation practices, but from time to time the Committee reviews the compensation practices of companies of similar size and stage of development to ensure that the compensation paid is competitive within the Company's industry and geographic location while taking into account the financial and other resources of the Company.

#### *Analysis of Elements*

Base salary will be used to provide the Named Executive Officers a set amount of money during the year with the expectation that each Named Executive Officer will perform his responsibilities to the best of his ability and in the best interests of the Company.

The Company considers the granting of incentive stock options to be a significant component of executive compensation as it allows the Company to reward each Named Executive Officer's efforts to increase value for shareholders without requiring the Company to use cash from its treasury. Stock options are generally awarded to directors, officers, consultants and employees at the commencement of employment and periodically thereafter. The terms and conditions of the Company's stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Company's stock option plan.

#### Option-based awards

The Company's stock option plan will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of the Company. The Compensation Committee has the responsibility to administer the compensation policies related to the executive management of the Company, including option-based awards. See also "Particulars of Other Matters to be Acted Upon – Approval and Ratification of Stock Option Plan" below.

In determining the number of options to be granted to the executive officers, the Compensation Committee takes into account the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the TSXV, and closely align the interests of the executive officers with the interests of shareholders.

In monitoring or adjusting the option allotments, the Compensation Committee takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous option grants and the objectives set for the Named Executive Officers and the Board. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility. In addition to determining the number of options to be granted pursuant to the methodology outlined above, the Compensation Committee also makes the following determinations:

- parties who are entitled to participate in the stock option plan;
- the exercise price for each stock option granted, subject to the provision that the exercise price cannot be lower than a prescribed discount permitted by the TSXV from the market price on the date of grant;
- the date on which each option is granted;
- the vesting period, if any, for each stock option;
- the other material terms and conditions of each stock option grant; and
- any re-pricing or amendment to a stock option grant.

The Compensation Committee makes these determinations subject to and in accordance with the provisions of the Company's stock option plan and the policies of the TSXV. The Board of Directors reviews and approves grants of options on an annual basis and periodically during a financial year. The Company granted the following stock options to Named Executive Officers during the year ended December 31, 2010:

- on January 28, 2010, 50,000 options were granted with an exercise price of \$0.29;
- on March 3, 2010, 300,000 options were granted with an exercise price of \$0.29; and
- on December 15, 2010, 300,000 options were granted with an exercise price of \$0.19.

All such options have a term of five years, with one-eighth of the options vesting every three months for a period of 24 months following the grant date. The exercise price is equal to the last closing market price of the shares on the TSXV prior to the grant of the stock options.

### **Summary Compensation Table**

The following table (presented in accordance with National Instrument Form 51-102F6 ("**Statement of Executive Compensation**" which came into force on December 31, 2008 (the "**Form 51-102F6**")) sets forth all annual and long term compensation for services in all capacities to the Company for the three most recently completed financial years of the Company ending on December 31, 2010 (to the extent required by Form 51-102F6) in respect of each of the individuals comprised of the Chief Executive Officer and the Chief Financial Officer who acted in such capacity for all or any portion of the most recently completed financial year, and each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity (other than the Chief Executive Officer and the Chief Financial Officer), as at December 31, 2010 whose total compensation was, individually, more than \$150,000 for the financial year and any individual who would have satisfied these criteria but for the fact that individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year (collectively the "**Named Executive Officers**" or "**NEOs**").

NEO Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Paul Saxton <i>President &amp; CEO since Aug. 18, 2009</i>	2010	Nil	Nil	\$49,015 <sup>(1)</sup>	Nil	Nil	Nil	\$108,000 <sup>(2)</sup>	\$157,015
	2009	Nil	Nil	\$10,826 <sup>(3)</sup>	Nil	Nil	Nil	\$40,500 <sup>(4)</sup>	\$51,326
Emmet McGrath <i>CFO since Sept. 1, 2009</i>	2010	Nil	Nil	\$40,782 <sup>(5)</sup>	Nil	Nil	Nil	\$96,000 <sup>(6)</sup>	\$136,782
	2009	Nil	Nil	\$2,165 <sup>(7)</sup>	Nil	Nil	Nil	\$22,000 <sup>(8)</sup>	\$24,165

- (1) Mr. Saxton was granted 200,000 stock options on March 3, 2010 having a grant date fair value of \$0.16 and 150,000 options on December 15, 2010 having a grant date fair value of \$0.11. The Company used the Black-Scholes model as the methodology to calculate the grant date fair value, and relied on the following key assumptions and estimates for the calculations: risk-free interest rate - 2.19-2.26%; estimated volatility - 75%; expected life - 4 years; and expected dividend yield - 0%.
- (2) This amount represents management fees paid to Bromley Resources Ltd., a company owned by Mr. Saxton, for the period from January 1, 2010 to December 31, 2010.
- (3) Mr. Saxton was granted 1,000,000 stock options on September 29, 2009, having a grant date fair value of \$0.08. The Company used the Black-Scholes model as the methodology to calculate the grant date fair value, and relied on the following key assumptions and estimates for the calculation: risk-free interest rate - 2.58%; estimated volatility - 47.21%; expected life - 5 years; and expected dividend yield - 0%.
- (4) This amount represents management fees paid to Bromley Resources Ltd., a company owned by Mr. Saxton, for the period from August 18, 2009 to December 31, 2009.
- (5) Mr. McGrath was granted 50,000 stock options on January 28, 2010 having a grant date fair value of \$0.16, 100,000 options on March 3, 2010 having a grant date fair value of \$0.16, and 150,000 options on December 15, 2010 having a grant date fair value of \$0.11. The Company used the Black-Scholes model as the methodology to calculate the grant date fair value, and relied on the following key assumptions and estimates for the calculations: risk-free interest rate - 2.03-2.26%; estimated volatility - 75%; expected life - 4 years; and expected dividend yield - 0%.
- (6) This amount represents consulting fees paid to Mr. McGrath for the period from January 1, 2010 to December 31, 2010.
- (7) Mr. McGrath was granted 200,000 stock options on September 29, 2009, having a grant date fair value of \$0.08. The Company used the Black-Scholes model as the methodology to calculate the grant date fair value, and relied on the following key assumptions and estimates for the calculation: risk-free interest rate - 2.58%; estimated volatility - 47.21%; expected life - 5 years; and expected dividend yield - 0%.
- (8) This amount represents consulting fees paid to Mr. McGrath for the period from September 1, 2009 to December 31, 2009.

### Narrative Discussion

Bromley Resources Ltd., a private company owned by Paul Saxton, entered into an executive consulting agreement with the Company effective August 18, 2009 for a period of five years. Pursuant to the agreement, Mr. Saxton provides management and administration services and acts as the President and Chief Executive Officer of the Company for an annual fee of \$108,000 with such yearly increases as approved by the Board.

Emmet McGrath entered into an executive consulting agreement with the Company, effective August 18, 2009 for a period of five years. Pursuant to the agreement, Mr. McGrath provides financial management and

accounting services and acts as the Chief Financial Officer of the Company for an annual fee of \$96,000 with such yearly increases as approved by the Board.

See also "Termination and Change of Control Benefits" below.

### Incentive Plan Awards

The Company does not have any incentive plans, pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period is awarded, earned, paid or payable to the Named Executive Officer, other than the Company's incentive stock option plan which may be considered to be an "incentive plan" within the meaning of Form 51-102F6.

### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding at the end of the most recently completed financial year under incentive plans of the Company, including awards granted before the most recently completed financial year, to the Named Executive Officers:

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date <sup>(1)</sup>	Value of Unexercised In-The-Money Options <sup>(2)</sup> (\$)	Number of Shares Or Units Of Shares That Have Not Vested (#)	Market or Payout Value Of Share-Based Awards That Have Not Vested (\$)
Paul Saxton	1,000,000	\$0.19	September 29, 2014	\$50,000	N/A	N/A
	200,000	\$0.29	March 3, 2015	Nil	N/A	N/A
	150,000	\$0.19	December 15, 2015	\$7,500	N/A	N/A
Emmet McGrath	200,000	\$0.19	September 29, 2014	\$10,000	N/A	N/A
	50,000	\$0.29	January 28, 2015	Nil	N/A	N/A
	100,000	\$0.29	March 3, 2015	Nil	N/A	N/A
	150,000	\$0.19	December 15, 2015	\$7,500	N/A	N/A

(1) The options vest over a 24 month period with one-eighth of the options vesting every three months.

(2) This amount is calculated based on the difference between the market value of the securities underlying the options at the end of the most recently completed financial year, being \$0.24 (which represents the closing price of the shares on the TSXV on December 31, 2010) and the exercise or base price of the option.

### Value Vested Or Earned During The Year

The value vested or earned during the most recently completed financial year of incentive plan awards granted to Named Executive Officers is as follows:

<b>NEO Name</b>	<b>Option-Based Awards - Value Vested During The Year <sup>(1)</sup> (\$)</b>	<b>Share-Based Awards - Value Vested During The Year (\$)</b>	<b>Non-Equity Incentive Plan Compensation - Value Earned During The Year (\$)</b>
Paul Saxton	\$16,875 <sup>(2)</sup>	N/A	N/A
Emmet McGrath	3,375 <sup>(3)</sup>	N/A	N/A

- (1) This amount is the dollar value that would have been realized computed by obtaining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.
- (2) As at December 29, 2010, 575,000 of Mr. Saxton's stock options had vested, which had an aggregate value of \$16,875 based on the closing prices of the shares on the TSXV as of each of the quarterly vesting dates.
- (3) As at December 29, 2010, 156,250 of Mr. McGrath's stock options had vested, which had an aggregate value of \$3,375 based on the closing prices of the shares on the TSXV as of each of the quarterly vesting dates.

### Narrative Discussion

During the year ended December 31, 2010, the Company granted the following stock options to insiders of the Company, including the Named Executive Officers:

<b>Name and Relationship to Company</b>	<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Paul Saxton, President, CEO and director (NEO)	200,000	\$0.29	March 3, 2015
	150,000	\$0.19	December 15, 2015
Emmet McGrath, CFO (NEO)	50,000	\$0.29	January 28, 2015
	100,000	\$0.29	March 3, 2015
	150,000	\$0.19	December 15, 2015
Andrew Milligan, director	100,000	\$0.29	March 3, 2015
	100,000	\$0.19	December 15, 2015
Marc S. LeBlanc, director	100,000	\$0.29	March 3, 2015
Phil Walsh, director	100,000	\$0.29	March 3, 2015
Michael Price, director	350,000	\$0.22	June 4, 2015
	100,000	\$0.19	December 15, 2015

<b>Name and Relationship to Company</b>	<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Jeff Wilson, VP Exploration	200,000	\$0.29	March 3, 2015
	100,000	\$0.19	December 15, 2015
Micheal Attaway, COO	350,000	\$0.22	June 4, 2015
	100,000	\$0.19	December 15, 2015
Sabrina Jones, VP Corporate Affairs	50,000	\$0.29	January 28, 2015
	100,000	\$0.29	March 3, 2015
	150,000	\$0.19	December 15, 2015
<b>TOTAL</b>	<b>2,550,000</b>		

All such options vest over a 24 month period with one-eighth of the options vesting every three months. The Company also granted 1,150,000 stock options to consultants. Refer to "Particulars of Other Matters to be Acted Upon – Approval and Ratification of New Stock Option Plan" below for further details of the Company's 10% rolling stock option plan.

#### **Pension Plan Benefits**

The Company does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

#### **Termination and Change of Control Benefits**

Except as discussed below, the Company does not have any contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or its subsidiaries, or a change in a NEO's responsibilities.

Pursuant to Mr. Saxton's consulting agreement, in the event that Mr. Saxton is terminated for any reason other than just cause, he is entitled to a severance payment of up to one year's base fee, depending on length of service. If Mr. Saxton is terminated in the event of a change of control of the Company, or he terminates his engagement within 90 days after the occurrence of a change of control of the Company, Mr. Saxton is entitled to a severance payment of three times his annual base fee. Under the terms of Mr. Saxton's consulting agreement, the estimated incremental payment upon termination by the Company on a change of control of the Company, is that Mr. Saxton is entitled to receive approximately \$387,500 calculated as at December 31, 2010 based upon an amount equal to three times his base fee plus \$63,500 estimated for amounts owed in respect of accrued health insurance benefits and in the money option value.

Pursuant to Mr. McGrath's consulting agreement, in the event that Mr. McGrath is terminated for any reason other than just cause, he is entitled to a severance payment of up to one year's base fee, depending on length of service. If Mr. McGrath is terminated in the event of a change of control of the Company, or he terminates his engagement within 90 days after the occurrence of a change of control of the Company, Mr. McGrath is entitled to a severance of three times his annual base fee. Under the terms of Mr.

McGrath's consulting agreement, the estimated incremental payment upon termination by the Company on a change of control of the Company, is that Mr. McGrath is entitled to receive approximately \$311,500 calculated as at December 31, 2010 based upon an amount equal to three times his base fee plus \$23,500 estimated for amounts owed in respect of accrued health insurance benefits and in the money option value.

### Director Compensation

The following table sets forth all amounts of compensation provided to the directors, other than directors who are Named Executive Officers, for the Company's most recently completed financial year:

Director Name	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Marc LeBlanc	\$12,000	Nil	\$16,427 <sup>(1)</sup>	Nil	Nil	Nil	\$28,427
Andrew Milligan	\$12,000	Nil	\$27,201 <sup>(2)</sup>	Nil	Nil	\$24,000 <sup>(3)</sup>	\$63,201
Michael Price	\$9,000	Nil	\$54,450 <sup>(4)</sup>	Nil	Nil	Nil	\$63,450
Philip Walsh	\$12,000	Nil	\$16,427 <sup>(5)</sup>	Nil	Nil	Nil	\$28,427

- (1) Mr. LeBlanc was granted 100,000 stock options on March 3, 2010, having a grant date fair value of \$0.16. The Company used the Black-Scholes model as the methodology to calculate the grant date fair value, and relied on the following key assumptions and estimates for the calculation: risk-free interest rate 2.19%; estimated volatility – 75%; expected life – 4 years; and expected dividend yield – 0%.
- (2) Mr. Milligan was granted 100,000 stock options on March 3, 2010, having a grant date fair value of \$0.16 and 100,000 options on December 15, 2010 having a grant date fair value of \$0.11. The Company used the Black-Scholes model as the methodology to calculate the grant date fair value, and relied on the following key assumptions and estimates for the calculation: risk-free interest rate - 2.19-2.26%; estimated volatility – 75%; expected life – 4 years; and expected dividend yield – 0%.
- (3) This amount represents part-time Chair of the Board fees paid to Glencoe Management Ltd., a company owned by Mr. Milligan, for the period from January 1, 2010 to December 31, 2010.
- (4) Mr. Price was granted 350,000 stock options on June 4, 2010, having a grant date fair value of \$0.12 and 100,000 options on December 15, 2010 having a grant date fair value of \$0.11. The Company used the Black-Scholes model as the methodology to calculate the grant date fair value, and relied on the following key assumptions and estimates for the calculations: risk-free interest rate – 2.26-2.27%; estimated volatility – 75%; expected life – 4 years; and expected dividend yield – 0%.
- (5) Mr. Walsh was granted 100,000 stock options on March 3, 2010, having a grant date fair value of \$0.16. The Company used the Black-Scholes model as the methodology to calculate the grant date fair value, and relied on the following key assumptions and estimates for the calculation: risk-free interest rate – 2.19%; estimated volatility – 75%; expected life – 4 years; and expected dividend yield – 0%.

Marc LeBlanc resigned as a director of the Company effective May 16, 2011 and continues to assist the Company as a consultant pursuant to a consulting agreement (“Agreement”) whereby Mr. LeBlanc will provide ongoing corporate development services to the Company and receive a monthly fee of \$250. The Agreement will terminate December 31, 2011 but may be renewed at the Company's option.

The Company has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Company or its subsidiaries for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Information Circular, except as set forth below.

Effective August 25, 2009, the Board approved the payment of a fee to the non-management directors, which are currently Philip Walsh, Andrew Milligan, Micheal Price, Robert Cruickshank and Robert Elton, in the amount of \$1,000 per month, for services provided as directors of the Company. The Board also approved the payment of an additional \$2,000 per month to Mr. Milligan for acting as the part-time Chair.

The Company has a stock option plan for the granting of incentive stock options to the officers, employees and directors. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the directors of the Company and to closely align the personal interests of such persons to that of the shareholders.

#### Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding at the end of the most recently completed financial year under incentive plans of the Company, including awards granted before the most recently completed financial year, to each of the directors who are not Named Executive Officers:

Director Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)	Number of Shares Or Units Of Shares That Have Not Vested (#)	Market or Payout Value Of Share-Based Awards That Have Not Vested (\$)
Andrew Milligan	600,000	\$0.19	September 29, 2014	\$30,000	N/A	N/A
	100,000	\$0.29	March 3, 2015	nil		
	100,000	\$0.19	December 15, 2015	\$5,000		
Marc LeBlanc	600,000	\$0.19	September 29, 2014	\$30,000	N/A	N/A
	100,000	\$0.29	March 3, 2015	nil		
Philip Walsh	600,000	\$0.19	September 29, 2014	\$30,000	N/A	N/A
	100,000	\$0.29	March 3, 2015	nil		
Michael Price	350,000	\$0.22	June 4, 2015	\$7,000	N/A	N/A
	100,000	\$0.19	December 15, 2015	\$5,000		

- (1) This amount is calculated based on the difference between the market value of the securities underlying the options at the end of the most recently completed financial year, being \$0.24 (which represents the closing price of the shares on the TSXV on December 31, 2010) and the exercise or base price of the option.

### Value Vested Or Earned During The Year

The value vested or earned during the most recently completed financial year of incentive plan awards granted to directors who are not Named Executive Officers is as follows:

<b>NEO Name</b>	<b>Option-Based Awards - Value Vested During The Year <sup>(1)</sup></b> <b>(\$)</b>	<b>Share-Based Awards - Value Vested During The Year</b> <b>(\$)</b>	<b>Non-Equity Incentive Plan Compensation - Value Earned During The Year</b> <b>(\$)</b>
Andrew Milligan	\$10,125 <sup>(2)</sup>	N/A	N/A
Marc LeBlanc	\$10,125 <sup>(3)</sup>	N/A	N/A
Philip Walsh	\$10,125 <sup>(4)</sup>	N/A	N/A
Michael Price	\$nil <sup>(5)</sup>	N/A	N/A

- (1) This amount is the dollar value that would have been realized computed by obtaining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.
- (2) As at December 29, 2010, 337,500 of Mr. Milligan's stock options had vested, which had an aggregate value of \$10,125 based on the closing prices of the shares on the TSXV as of each of the quarterly vesting dates.
- (3) As at December 29, 2010, 337,500 of Mr. LeBlanc's stock options had vested, which had an aggregate value of \$10,125 based on the closing prices of the shares on the TSXV as of each of the quarterly vesting dates.
- (4) As at December 29, 2010, 337,500 of Mr. Walsh's stock options had vested, which had an aggregate value of \$10,125 based on the closing prices of the shares on the TSXV as of each of the quarterly vesting dates.
- (5) As at December 29, 2010, 87,500 of Mr. Price's stock options had vested, which had an aggregate value of \$nil based on the closing prices of the shares on the TSXV as of each of the quarterly vesting dates.

### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets forth the Company's compensation plans under which equity securities are authorized for issuance as at the end of the most recently completed financial year.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b> <b>(a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b> <b>(b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b> <b>(c)</b>
Equity compensation plans approved by securityholders	7,750,000	\$0.22	567,192 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	None	N/A	N/A
<i>Total</i>	7,750,000	--	567,192

- (1) The number of securities remaining available for future issuance under the Company's 10% rolling stock option plan as at the end of the Company's most recently completed financial year, is calculated on the basis of 10% of the Company's issued and outstanding shares as at such date (being 10% of 83,171,916 = 8,317,192).

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

As at the date of this Information Circular, there was no indebtedness outstanding of any current or former director, executive officer or employee of the Company or its subsidiaries which is owing to the Company or its subsidiaries or to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries, entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, no proposed nominee for election as a director of the Company and no associate of such persons:

- (i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or its subsidiaries; or
- (ii) is a person whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries,

in relation to a securities purchase program or other program.

**INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Except as set out herein, no person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee of management of the Company for election as a director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No informed person or proposed director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company or its subsidiaries, except as set forth below.

**APPOINTMENT OF AUDITORS**

In connection with the plan of arrangement comprising the Qualifying Transaction, the Company changed its auditor from Manning Elliot LLP, Chartered Accountants of 1050 West Pender Street, 11<sup>th</sup> Floor, Vancouver, BC, V6E 3S7, to Davidson & Company LLP, Chartered Accountants of 1200, 609 Granville Street, Vancouver, British Columbia, V7Y 1G6, which is the former auditor of Lincoln Gold.

Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the reappointment of Davidson & Company LLP, Chartered Accountants to hold office for the ensuing year at a remuneration to be fixed by the directors.

## MANAGEMENT CONTRACTS

No management functions of the Company or its subsidiaries are performed to any substantial degree by a person other than the directors or executive officers of the Company or its subsidiaries.

## AUDIT COMMITTEE

### Audit Committee's Charter

The text of the Company's Audit Committee Charter is set forth in Schedule "A" attached to this Information Circular.

### Composition of the Audit Committee

The members of the Audit Committee are Philip Walsh (Chair), Robert Elton and Andrew Milligan. All of the members of the Audit Committee are considered "financially literate" within the meaning of National Instrument 52-110 *Audit Committees* ("**NI 52-110**").

Mr. Elton and Mr. Milligan are considered independent by the Board. Mr. Walsh is not considered independent within the meaning of NI 52-110 as he has been an executive officer of the Company during the last three years (Mr. Walsh was the President and Chief Financial Officer of the Company from October 1, 2008 to August 18, 2009).

### Relevant Education and Experience

**Philip Walsh** is a Chartered Accountant and has been a member of the British Columbia Institute of Chartered Accountants since 1971. He is the President and sole owner of Taff Management Corp. and has served in that capacity since November 1996. Taff Management provides consulting, management and advisory services to junior public and private corporations. Mr. Walsh has been a chief financial officer and/or a director of several publicly traded companies.

**Robert Elton** is a Chartered Accountant and former partner at PricewaterhouseCoopers from 1987-1996. Mr. Elton has over 20 years of executive and financial management experience, including as former chief executive officer and former chief financial officer of BC Hydro. Mr. Elton was also chief financial officer of El Dorado Gold Corp. for 5 years., a public mining company listed on the TSX, NYSE and Australian Securities Exchange.

**Andrew Milligan** is a business executive who has concentrated on mining ventures over the past 25 years. Mr. Milligan is and has been a director or officer of a number of public mining companies trading on both the American Stock Exchange and the TSXV.

### Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

### Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

## Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee Charter requires that all non-audit services be pre-approved by the Audit Committee.

## External Auditors Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

<i>Financial Year Ending</i>	<i>Audit Fees</i>	<i>Audit Related Fees</i>	<i>Tax Fees</i>	<i>All Other Fees</i>
2010	\$40,290	Nil	\$6,500	Nil
2009	\$48,500	Nil	\$7,000	Nil

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.
- (5) Subsequent to the close of the Qualifying Transaction, Davidson & Company, LLP were appointed as auditors of the Company. As the Company is no longer a Capital Pool Company (as that term is defined in TSXV policy 2.4), audit fees are expected to be higher in the ensuing year.

## Exemption in Section 6.1 of NI 52-110

The Company is relying on the exemption in Section 6.1 of NI 52-110 from the requirement of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations).

## CORPORATE GOVERNANCE DISCLOSURE

Corporate governance refers to the policies and structure of the board of directors of a corporation, whose members are elected by and are accountable to the shareholders of the corporation. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board of the Company is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

National Policy 58-201 establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines. However, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore

not all guidelines have been adopted. National Instrument 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

### **Risk Management**

The Board of Directors is responsible for the adoption of a strategic planning process, identification of principal risks and implementing risk management systems, succession planning and the continuous disclosure requirements of the Company under applicable securities laws and regulations. The Audit Committee is also tasked with certain risk management responsibilities, as set forth in section 2(e) of the Audit Committee Charter which is attached as schedule "A" to this Information Circular.

### **Independence of Members of Board**

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Company's Board, be reasonably expected to interfere with the exercise of a director's independent judgment or in the specified circumstances set forth in section 1.4 of NI 52-110.

The Company's Board currently consists of six (6) directors, four of whom, namely Andrew Milligan, Michael Price, Robert Elton and Robert Cruickshank, are considered by the Board to be independent based upon the tests for independence set forth in NI 52-110. Paul Saxton is not independent as he is the President and CEO of the Company. Philip Walsh is not considered to be independent as he has been an executive officer of the Company during the last three years. Mr. Walsh was the President and Chief Financial Officer of the Company from October 1, 2008 to August 18, 2009, during the time that the Company was a capital pool company prior to completion of the Qualifying Transaction.

### **Management Supervision by Board**

The CEO and CFO report upon the operations of the Company separately to the Board annually and at such other times throughout the year as is considered necessary or advisable by the directors. The directors are encouraged to meet at any time they consider necessary without any members of management, including the non-independent directors, being present. The Company's auditors, legal counsel and employees may be invited to attend. The audit committee, which is composed of a majority of independent directors, have the opportunity to meet with the Company's auditors without management being in attendance.

The Board considers that management is effectively supervised by the Board on an informal basis as the Board is actively and regularly involved in reviewing and supervising the operations of the Company and have regular and full access to management. Independent supervision of management is further accomplished by selecting management who demonstrate a high level of integrity and ability and having strong independent Board members. In addition, the Board may appoint from time to time an independent lead director to direct Board operations.

### **Participation of Directors in Other Reporting Issuers**

The participation of the directors in other reporting issuers is described below.

Mr. Saxton is a director of the following reporting issuers:

Name of Reporting Issuer	Market Traded On	Position Held	From	To
Gold Cliff Resource Corporation	TSX-V	Director	March 2004	Current
Uranerz Energy Corporation	AMEX	Director	March 2006	Current
Zazu Metals Corporation	TSX	Director	July 2007	Current
0373849 BC Ltd.	n/a <sup>(1)</sup>	Director	October 2008	Current

(1) 0373849 BC Ltd. (formerly Cross Lake Minerals Ltd.) was voluntarily delisted from the TSX in May 2009 but remains a reporting issuer.

Mr. Price is a director of the following reporting issuer:

Name of Reporting Issuer	Market Traded On	Position Held	From	To
Sumatra Copper and Gold Ltd.	ASX	Director	July 2006	Current
Central Asia Metals plc.	AIM	Director	December 2006	Current
Q Resources plc	AIM	Director	July 2010	Current
Eldorado Gold Corp.	TSX, NYSE, ASX	Director	May 2011	Current

Mr. Cruickshank is a director of the following reporting issuer:

Name of Reporting Issuer	Market Traded On	Position Held	From	To
VendTek Systems Inc.	TSXV	Director	March 2011	Current

### Orientation and Continuing Education

While the Company does not have formal orientation and training programs, new Board members are provided with:

1. information respecting the functioning of the Board of Directors, committees and copies of the Company's corporate governance policies;
2. access to recent, publicly filed documents of the Company, technical reports and the Company's internal financial information; and
3. access to management and technical experts and consultants.

Board members are encouraged to communicate with management, auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Company's operations.

Board members have full access to the Company's records. Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business.

### **Ethical Business Conduct**

The Board views good corporate governance as an integral component to the success of the Company and to meet responsibilities to shareholders. The Board has adopted a Code of Conduct that is posted on its website at [www.lincolnmining.com](http://www.lincolnmining.com) and has instructed its management and employees to abide by the Code.

The Board has also found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

### **Nomination of Directors**

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the mining industry are consulted for possible candidates.

### **Compensation Committee**

The members of the Compensation Committee are Philip Walsh, Andrew Milligan and Robert Cruickshank, a majority of whom are considered independent. The Compensation Committee has responsibility for determining compensation for the directors and senior management. The Board has adopted a written charter that sets forth the responsibilities of the Compensation Committee and gives the Committee the authority to engage outside experts to assist in identifying potential candidates if considered advisable. A copy of the charter is posted on the Company's website ([www.lincolnmining.com](http://www.lincolnmining.com)).

### **Audit Committee**

The Board has a charter for the Audit Committee to follow in carrying out its audit and financial review functions. A copy of the charter of the Audit Committee is reproduced in Schedule "A" attached to this Information Circular. The Audit Committee reviews all financial statements of the Company prior to their publication, reviews audits, considers the adequacy of audit procedures, recommends the appointment of independent auditors, reviews and approves the professional services to be rendered by them and reviews fees for audit services. The charter has set criteria for membership which all members of the Audit Committee are required to meet consistent with NI 52-110 and other applicable regulatory requirements. The Audit Committee, as needed, meets separately (without management present) with the Company's auditors to discuss the various aspects of the Company's financial statements and the independent audit.

## **Board Committees**

As the directors are actively involved in the operations of the Company and the size of the Company's operations does not warrant a larger board of directors, the Board has determined that additional committees are not necessary at this stage of the Company's development.

## **Assessments**

The Board has no special structure in place for evaluating the effectiveness of the Board, its committees and individual directors. Based on general feedback from individual directors and management, the Board will assess its operations and adequacy of information provided to the Board and make necessary changes.

## **Expectations of Management**

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives.

## **PARTICULARS OF OTHER MATTERS TO BE ACTED UPON**

### **Approval and Ratification of New Stock Option Plan**

#### 2008 Plan

The Company previously had in place a 10% rolling stock option plan (the "**2008 Plan**") which was first approved by the shareholders of the Company at the 2008 annual general meeting held on June 11, 2008 and by the TSXV on November 27, 2008, and approved by shareholders at subsequent annual general meetings. The number of common shares which may be issued pursuant to options previously granted and those granted under the 2008 Plan is a maximum of 10% of the issued and outstanding common shares at the time of the grant. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or is a consultant.

The purpose of the 2008 Plan is to allow the Company to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of the Company. The granting of such options is intended to align the interests of such persons with that of the shareholders. Options granted under the 2008 Plan are exercisable over periods of up to five years as determined by the Board of Directors of the Company and are required to have an exercise price no less than the closing market price of the Company's shares prevailing on the day that the option is granted less a discount of up to 25%, the amount of the discount varying with market price in accordance with the policies of the TSXV.

Pursuant to the 2008 Plan, the Board of Directors may from time to time authorize the issue of options to directors, officers employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries. The 2008 Plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule in its discretion.

## New Plan

Effective April 20, 2011, the Board of Directors of the Company approved the adoption of a new 10% rolling stock option plan (the "**New Plan**") to replace the 2008 Plan on the same terms as described above under "2008 Plan", but including a number of features and updates not previously contained in the 2008 Plan, including certain features that conform with new TSXV policies.

Additional material terms of the New Plan are as follows:

- (a) In accordance with good corporate governance practices and as recommended by National Policy 51-201 *Disclosure Standards*, the Company imposes black-out periods restricting the trading of its securities by directors, officers, employees and consultants during periods whereby insiders are in possession of undisclosed material information and at other times when deemed necessary by management and the board of directors. In order to ensure that optionees are not prejudiced by the imposition of such black-out periods, the New Plan includes a provision (the "**Black-Out Provision**") to the effect that any outstanding stock options with an expiry date that falls during a management imposed black-out period or within five days thereafter will be automatically extended to a date that is ten trading days following the end of the black-out period.
- (b) The New Plan provides that if a change of control (as defined therein) occurs, or if the Company is subject to a take-over bid, all shares subject to stock options shall immediately become vested and may thereupon be exercised in whole or in part by the option holder. The Board of Directors of the Company may also accelerate the expiry date of outstanding stock options in connection with a take-over bid.
- (c) The New Plan contains adjustment provisions with respect to outstanding options in cases of share reorganizations, special distributions and other corporation reorganizations including an arrangement or other transaction under which the business or assets of the Company become, collectively, the business and assets of two or more companies with the same shareholder group upon the distribution to the Company's shareholders, or the exchange with the Company's shareholders, of securities of the Company or securities of another company.
- (d) The New Plan provides that, on the death or disability of an option holder, all vested options will expire at the earlier of one year after the date of death or disability and the expiry date of such options. Where an optionee is terminated for cause, any outstanding options (whether vested or unvested) are cancelled as of the date of termination. If an optionee retires or voluntarily resigns or is otherwise terminated by the Company other than for cause, then all vested options held by such optionee will expire at the earlier of (i) the expiry date of such options and (ii) the date which is 90 days (30 days if the optionee was engaged in investor relations activities) after the optionee ceases to be an eligible person under the New Plan.
- (e) The New Plan contains a provision that, if pursuant to the operation of the plan's adjustment provisions, in respect of options granted under the New Plan (the "**Subject Options**"), an optionee receives options to purchase securities of another company (the "**New Company**"), such new options shall expire on the earlier of: (i) the expiry date of the Subject Options; (ii) if the optionee does not become an eligible person in respect of the New Company, the date that the Subject Options expire pursuant to the applicable provisions of the New Plan relating to expiration of options in cases of death, disability or termination of employment discussed in the preceding paragraph above (the "**Termination Provisions**"); (iii) if the optionee becomes an eligible person in respect of the New Company, the date that such new options expire pursuant to the terms of the New Company's stock option plan that correspond to the Termination

Provisions; and (iv) the date that is two years after the optionee ceases to be an eligible person in respect of the New Company or such shorter period as determined by the board.

All existing and outstanding options under the 2008 Plan will count against the number of shares reserved for issuance under the New Plan as long as such options remain outstanding. All existing options under the 2008 Plan will continue to be governed by the New Plan, to the extent possible.

The full text of the New Plan is available for viewing up to the date of the Meeting at the Company's offices at Suite 350, 885 Dunsmuir Street, Vancouver, British Columbia, V6C 1N5 and will also be available for review at the Meeting.

At the Meeting, Shareholders will be asked to pass a resolution in the following form:

"RESOLVED as an ordinary resolution that, the New Plan (as defined and described in the Company's Information Circular dated May 26, 2011) pursuant to which the directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company and its subsidiaries to a maximum of 10% of the issued and outstanding common shares of the Company at the time of grant, with a maximum of 5% of the Company's issued and outstanding common shares being reserved to any one person on a yearly basis, be and is hereby authorized, confirmed and approved, subject to regulatory approval."

#### Recommendation of the Directors

The Board of Directors of the Company has reviewed the proposed resolution and concluded that it is fair and reasonable to the shareholders and in the best interests of the Company.

**The Board of Directors of the Company recommends that shareholders vote in favour of the resolution to approve the New Plan for the Company.**

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at Suite 350 – 885 Dunsmuir Street, Vancouver, British Columbia, V6C 1N5 to request copies of the Company's financial statements and MD&A.

Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year which is filed on SEDAR.

**OTHER MATTERS**

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

DATED this 26 day of May, 2011.

APPROVED BY THE BOARD OF DIRECTORS

*"Paul Saxton"*

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Paul Saxton  
President and CEO

## **SCHEDULE "A"**

### **LINCOLN MINING CORPORATION (the "Company") AUDIT COMMITTEE CHARTER**

#### **1. MISSION**

Senior management, as overseen by the board of directors, has primary responsibility for the Company's financial reporting, accounting systems and internal controls. The audit committee is a standing committee of the board of directors established to assist the board of directors in fulfilling its responsibilities in this regard.

#### **2. RESPONSIBILITIES**

The audit committee shall:

##### **(a) Financial Information**

- (i) Review the annual financial statements and related matters and recommend their approval to the board of directors, after discussing matters such as the selection of accounting policies, major accounting judgements, accruals and estimates with management;
- (ii) be responsible for reviewing the results of the external audit, including:
  - A. the auditor's engagement letter;
  - B. the reasonableness of the estimated audit fees;
  - C. the scope of the audit, including materiality, locations to be visited, audit reports required, areas of audit risk, timetable, deadlines and coordination with internal audit;
  - D. the post-audit management letter together with management's response;
  - E. the form of the audit report;
  - F. any other related audit engagements (e.g. audit of the company pension plan);
  - G. pre-approving non audit services performed by the auditor;
  - H. assessing the auditor's performance;
  - I. recommending the auditor for appointment by the board of directors and the compensation of the auditor;
  - J. meeting with the auditors to discuss pertinent matters, including the quality of accounting personnel;
- (iii) ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial

statements (except for disclosure required to be reviewed by the audit committee), and must periodically assess the adequacy of those procedures;

- (iv) establish procedures for:
  - A. the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
  - B. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (v) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;

**(b) Interim Financial Statements**

- (vi) obtain reasonable assurance on the process for preparing reliable quarterly interim financial statements from discussions with management and, where appropriate, reports from the external and internal auditors;
- (vii) review, or engage the external auditors to review, the quarterly interim financial statements if not reviewed by the board of directors;
- (viii) obtain reasonable assurance from management about the process for ensuring the reliability of other public disclosure documents that contain audited and unaudited financial information;

**(c) Accounting System and Internal Controls**

- (ix) obtain reasonable assurance from discussions with and(or) reports from management, and reports from external and internal auditors that the Company's accounting systems are reliable and that the prescribed internal controls are operating effectively;
- (x) direct the auditors' examinations to particular areas;
- (xi) request the auditors to undertake special examinations (e.g., review compliance with conflict of interest policies);
- (xii) review control weaknesses identified by the external and internal auditors, together with management's response;
- (xiii) review the appointments of the chief financial officer and key financial executives;
- (xiv) review accounting and financial human resources and succession planning within the Company.

**(d) Reporting**

- (xv) report to the board of directors following each meeting on the major discussions and decisions made by the audit committee; and

- (xvi) review the audit committee's terms of reference periodically and propose recommended changes to the board of directors.

**(e) Risk Management**

- (xvi) review, at least annually, and more frequently if necessary, the Company's policies for risk assessment and risk management (the identification, monitoring, and mitigation of risks).
- (xvii) inquire of management and the independent auditor about significant business, political, financial and control risks or exposure to such risk.
- (xviii) request the external auditor's opinion of management's assessment of significant risks facing the Company and how effectively they are being managed or controlled.
- (xiv) assess the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board.

**3. COMPOSITION AND REGULATIONS**

- (a) The audit committee shall be composed of at least three directors, the majority of whom will be independent in that he or she has no material relationship with the Company that could be reasonably expected to interfere with the exercise of the member's independent judgement.
- (b) All members shall be financially literate in that they are able to understand the level of complexity of the financial statements of the Company and the accounting issues that can reasonably be expected to be raised by the Company's financial statements.
- (c) The members and the chairperson of the audit committee shall be appointed by the board of directors for a one year term and may serve any number of consecutive terms.
- (d) The chairperson of the audit committee shall, in consultation with management and the auditors, establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to members with sufficient time for study prior to the meeting.
- (e) The audit committee shall have the power, authority and discretion delegated to it by the board of directors which shall not include the power to change the membership of or fill vacancies in the audit committee.
- (f) The audit committee shall conform to the regulations which may from time to time be imposed upon it by the board of directors. The board of directors shall have the power at any time to revoke or override the authority given to or acts done by the audit committee except as to acts done before such revocation or act of overriding and to terminate the appointment or change the membership of the audit committee or fill vacancies in it as it shall see fit.
- (g) The audit committee may meet and adjourn, as they think proper. A majority of the members of the audit committee shall constitute a quorum thereof. Questions arising shall be determined by a majority of votes of the members of the audit committee present, and in the case of an equality of votes, the chairperson shall not have a second or casting vote.

- (h) A resolution approved in writing by all of the members of the audit committee shall be valid and effective as if it had been passed at a duly called meeting. Such resolution shall be filed with the minutes of the proceedings of the audit committee and shall be effective on the date stated thereon or on the latest date stated in any counterpart.
- (i) The audit committee shall keep regular minutes of its meetings and record all material matters and shall cause such minutes to be recorded in the books kept for that purpose and shall distribute such minutes to the board of directors.
- (j) The audit committee shall have unrestricted and unfettered access to all Company personnel and documents and shall be provided with the resources necessary to carry out its responsibilities.

Approved by the Board April 20, 2011