



LINCOLN MINING CORPORATION

**Unaudited condensed interim
Consolidated financial statements**

for the six months ended June 30, 2018

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Notice to Reader

Management has prepared the unaudited condensed interim consolidated financial statements for Lincoln Mining Corporation (the "Company") in accordance with National Instrument 51-102 released by the Canadian Securities Administration. The Company discloses that its auditors have not reviewed the unaudited consolidated financial statements for the period ended June 30, 2018.

LINCOLN MINING CORPORATION
Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

As at June 30, 2018 and December 31, 2017

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

	Notes	As at June 30, 2018 \$	As at December 31, 2017 \$
Assets			
Current assets			
Cash		99,903	21,899
Receivables		49,200	35,762
Prepaid expenses		49,524	115,892
		198,627	173,553
Non-current assets			
Equipment		4,334	6,059
Deposits		14,093	14,006
Mineral properties	4	32,153	-
		50,580	20,065
Total assets		249,207	193,618
Liabilities and shareholders' deficiency			
Current liabilities			
Accounts payable and accrued liabilities	5	237,109	847,054
Due to related parties	9	919,894	1,535,554
Loans payable	7	78,974	86,305
Promissory notes	8	580,242	604,810
		1,816,219	3,073,723
Non-current liabilities			
Provision for environmental rehabilitation	6	85,592	81,543
		85,592	81,543
Total liabilities		1,901,811	3,155,266
Shareholders' deficiency			
Share capital	10	23,393,348	22,118,931
Capital reserves	10	2,870,867	2,588,249
Share subscriptions received in advance	10	-	38,095
Deficit		(27,916,819)	(27,706,923)
Total shareholders' deficiency		(1,652,604)	(2,961,648)
Total liabilities and shareholders' deficiency		249,207	193,618

Nature of operations (Note 1)

Commitment (Note 13)

Subsequent event (Note 15)

Approved and authorized by the Board on August 28, 2018.

<u>“Paul Saxton”</u> Paul Saxton	Director	<u>“Andrew Milligan ”</u> Andrew Milligan	Director
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LINCOLN MINING CORPORATION**Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**

(Unaudited)

For the three and six months ended June 30, 2018 and 2017

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

	Notes	Three months ended June 30, 2018 \$	Three months ended June 30, 2017 \$	Six months ended June 30, 2018 \$	Six months ended June 30, 2017 \$
Exploration expenses (recovery)	4, 9	257,926	(35,694)	348,963	(10,437)
Administrative expenses					
Administrative support		-	1,471	-	2,504
Consulting and management fees	9	32,560	30,815	76,300	60,650
Depreciation		829	36	1,725	1,196
Foreign exchange loss (gain)		32,670	(18,702)	53,123	(21,813)
Investor relations and shareholder services		54,021	55,294	106,345	99,768
Office maintenance		13,624	4,573	29,186	15,489
Professional fees	9	28,644	71,012	80,322	86,012
Travel		19,374	1,305	33,420	2,677
		181,722	145,804	380,421	246,483
Finance (income) and expenses					
Interest income		-	(17)	-	(17)
Interest expense		2,873	3,097	5,803	6,165
			(3,018,025)		(3,018,025)
Gain on settlement of debts	5, 8, 9, 10	-)	(525,291))
			(3,014,945)		(3,011,877)
		2,873)	(519,488))
Income (loss) and comprehensive income (loss) for the period		(442,521)	2,904,835	(209,896)	2,775,831
Basic and diluted earnings (loss) per common share		\$ (0.01)	\$ 0.09	\$ (0.00)	\$ 0.09
Weighted average number of common shares outstanding		69,824,800	33,853,377	67,280,719	29,697,786

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

LINCOLN MINING CORPORATION
Condensed Interim Consolidated Statements of Cash Flows

(Unaudited)

For the six months ended June 30, 2018 and 2017

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

	Six months ended June 30, 2018	Six months ended June 30, 2017
	\$	\$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Income (Loss) for the period	(209,896)	2,775,831
Items not affecting cash:		
Accrued interest expense	5,803	6,165
Depreciation	1,725	1,196
Gain on settlement of debts	(525,291)	(3,018,025)
Unrealized foreign exchange	7,519	(5,087)
Changes in non-cash working capital items:		
Decrease in accounts payable, accrued liabilities and due to related parties	(211,296)	(95,061)
(Increase) decrease in prepaid expenses and deposits	66,281	(71,397)
Increase in receivables	(13,438)	(8,922)
Net cash used in operating activities	(878,593)	(415,300)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of mineral properties	(32,153)	-
Net cash used in investing activities	(32,153)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Private placements	1,004,000	565,000
Share issue costs	(6,250)	(32,200)
Loans from directors	-	1,500
Repayment of loans from directors	(9,000)	(4,204)
Net cash provided by financing activities	988,750	530,096
Net change in cash for the period	78,004	114,796
Cash, beginning of the period	21,899	47,021
Cash, end of the period	99,903	161,817

Supplemental cash flow information (Note 12)

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

(Unaudited)

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

	Number of shares	Share capital \$	Capital reserves \$	Share subscriptions received in advance \$	Deficit \$	Total \$
Balance at December 31, 2016	25,496,021	21,425,218	1,584,242	5,000	(29,834,738)	(6,820,278)
Private placements	11,400,000	570,000	-	(5,000)	-	565,000
Debt settlement agreements	929,496	55,770	960,000	-	-	1,015,770
Share issue costs	-	(70,710)	38,510	-	-	(32,200)
Net income for the period	-	-	-	-	2,775,831	2,775,831
Balance at June 30, 2017	37,825,517	21,980,278	2,582,752	-	(27,058,907)	(2,495,877)
Balance at December 31, 2017	40,925,517	22,118,931	2,588,249	38,095	(27,706,923)	(2,961,648)
Private placements	20,841,904	759,477	282,618	(38,095)	-	1,004,000
Debt settlement agreements	13,029,755	521,190	-	-	-	521,190
Share issue costs	-	(6,250)	-	-	-	(6,250)
Net loss for the period	-	-	-	-	(209,896)	(209,896)
Balance at June 30, 2018	74,797,176	23,393,348	2,870,867	-	(27,916,819)	(1,652,604)

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

LINCOLN MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the six months ended June 30, 2018

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

1 Nature of operations

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

The condensed interim consolidated financial statements of the Company for the six months ended June 30, 2018 comprise the Company and its subsidiaries (Note 2(b)). These condensed interim consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated. The Company is listed on the TSX Venture Exchange (“TSX-V: LMG”) and the Frankfurt Stock Exchange (“ZMG”).

2 Basis of Presentation

(a) Basis of preparation

The condensed interim consolidated financial statements for the six months ended June 30, 2018 have been prepared in accordance with IAS 34 - Interim Financial Reporting of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company’s annual consolidated financial statements as at and for the year ended December 31, 2017.

The accounting policies followed in these condensed interim consolidated financial statements are consistent with those applied in the Company’s most recent annual consolidated financial statements for the year ended December 31, 2017.

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measure at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Going concern assumption

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

The Company has not yet determined whether its mineral properties contain ore reserves; therefore, the Company has incurred ongoing losses since inception. Further, the Company has a working capital deficiency of \$1,617,592 and total liabilities of \$1,901,811. The future success of the Company is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon establishing future profitable production, or realization of proceeds on disposal.

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

LINCOLN MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the six months ended June 30, 2018

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

Changes in accounting standards

IFRS 9 – Financial Instruments

The Company adopted IFRS 9, which replaced IAS 39 – Financial Instruments: Recognition and Measurement, in its consolidated financial statements beginning January 1, 2018.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities, however it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

Under IFRS 9 there are three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit and lost (“FVTPL”). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ model. The new impairment model applies to financial assets measure at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The adoption of IFRS 9 did not have a material impact on the Company’s consolidated financial statements.

New standards and interpretations not yet adopted

The following new standards and amendments to standards and interpretations are effective for future periods and have not been applied in preparing these consolidated financial statements.

IFRS 16 – Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is in the process of assessing the impact of this pronouncement. The extent of the impact has not yet been determined.

(b) Consolidation

Subsidiaries

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

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

LINCOLN MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the six months ended June 30, 2018

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

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

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

(c) Segment reporting

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

3 Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include:

Income taxes

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

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Company's title on mineral property interests

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

LINCOLN MINING CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the six months ended June 30, 2018

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

4 Mineral properties

The Company's mineral property interests are comprised of properties located in the United States.

	United States Oro Cruz	Total
	\$	\$
Opening balance	-	-
Acquisition of mineral properties	32,153	32,153
Closing balance	32,153	32,153

Exploration expenditures incurred during the six months ended June 30, 2018:

	United States Pine Grove	Other Properties	Total
	\$	\$	\$
Contractors	164,003	6,573	170,576
Drilling and metallurgical	5,001	-	5,001
Field supplies	473	-	473
General administration	15,881	-	15,881
Geochemistry	597	-	597
Land maintenance	1,004	-	1,004
Permitting environment	115,363	-	115,363
Property evaluation	38,861	-	38,861
Travel and accommodation	1,207	-	1,207
Total mineral property expenditures	342,390	6,573	348,963

Exploration expenditures (recoveries) incurred during the six months ended June 30, 2017:

	United States		Other	Total
	Pine Grove	Oro Cruz	Properties	
	\$	\$	\$	\$
Contractors	112,261	2,268	-	114,529
Field supplies	929	-	-	929
General administration	38,680	350	-	39,030
Geochemistry	78,690	-	-	78,690
Land maintenance	2,660	-	-	2,660
Permitting environment	51,008	-	-	51,008
Property evaluation	6,505	1,668	7,546	15,719
Vehicle operating	393	-	-	393
Recovery from a joint venture partner	(237,145)	(76,250)	-	(313,395)
Total mineral property expenditures	53,981	(71,964)	7,546	(10,437)

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

LINCOLN MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the six months ended June 30, 2018

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

United States

(a) Pine Grove Property, Nevada

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

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

The Company was required to produce a bankable feasibility study on the properties by December 31, 2010 and obtain all necessary funding to place the properties into commercial production. The Company has since received an extension as new technical data is being developed. The Company must pay an NSR of 3% - 7% upon commencement of commercial mining production based on gold prices and the Company must pay a 5% NSR on metals or minerals other than gold produced and sold from the properties.

The following non-refundable advance NSR payments must be made by the Company:

- US\$10,000 upon signing the agreement (paid); and
- US\$30,000 prior to each one year anniversary of the lease (Years 1-6 paid by the Company; Years 7-10 paid by Goldcliff Resource Corporation ("Goldcliff")).

- (ii) In July 2007 the Company entered into an agreement with Votipka to acquire three claims located within the Pine Grove Mining District in Lyon County, Nevada in return for a payment of US\$12,000 (paid in 2007). Upon commencement of commercial production, the Company will pay a 5% NSR to Votipka. The Company retains the right to buy down up to 2.5% of the NSR at any time for US\$100,000 per percentage point.

- (iii) In August 2007 the Company entered into an agreement with Lyon Grove to lease the Wilson Mining Claim Group located in Lyon County, Nevada from August 1, 2007 to July 31, 2022, with an option to purchase. The Company can extend the term of the lease for up to ten additional one year terms providing the Company is conducting exploration mining activities at the expiration of the term immediately preceding the proposed extension term.

The following lease payments must be made by the Company:

- US\$10,000 upon signing the agreement (paid) and
- US\$25,000 prior to each one year anniversary of the lease (paid to date).

The lease payment made for any one calendar year may be credited against any NSR due and payable during the same calendar year.

The following work commitments must be made by the Company:

- US\$25,000 by August 1, 2008; (incurred)
- US\$25,000 by August 1, 2009; (incurred)
- US\$50,000 by August 1, 2010; (incurred)
- US\$50,000 by August 1, 2011; (incurred)
- US\$50,000 by August 1, 2012; (incurred) and each subsequent lease year (incurred to date)

Upon commencement of production the Company must pay an NSR of 2.5% - 5% on various claims and areas of interest. Lyon Grove retains the right to require the Company to purchase the property any time after the Company has made application to permit and develop a mine on the property, subject to the Company's continued obligation to pay the royalties, for US\$1,000.

LINCOLN MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the six months ended June 30, 2018

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

In June 2016, Goldcliff, a company with a common director, acquired the lease to the Wilson claims from the Company in exchange for Goldcliff assuming the future lease commitments as well as outstanding lease payments and work commitments.

- (iv) In August 2010, the Company and its wholly owned subsidiary Lincoln Gold US Corp (“Lincoln US”) entered into a purchase agreement for Lincoln US to acquire unpatented mining claims and associated water rights (collectively known as the “Cavanaugh property”) situated at the Company’s Pine Grove project in Lyon County, Nevada. In consideration for the sale of the Cavanaugh property, the vendors have received a total of US\$650,000 and 40,000 common shares of the Company as follows:
- On closing US\$250,000 and 15,000 shares (paid)
 - August 23, 2011 US\$150,000 and 15,000 shares (paid)
 - August 23, 2012 US\$150,000 and 10,000 shares (paid)
 - August 23, 2013 US\$100,000 (paid)

The vendors will also retain a 1.5% NSR subject to the Company’s option to buy down the royalty at a rate of US\$75,000 per one-half percent at any time up until 3 years after the Company’s Board of Directors approves mine construction.

During the year ended December 31, 2016, the Company entered into an Exploration License Agreement (the “Agreement”) with Placer Solutions LLC (“Placer”), a private company based in Montana, USA, to explore the placer claims on Lincoln’s Pine Grover project in Nevada (the “Claim”). The Agreement applies to the Company’s Pine Grove placer claims only as it is the Company’s intent to develop its lode claims separately.

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

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

- (v) In August 2016, the Company entered into an agreement with Goldcliff whereby Goldcliff can earn a 40% interest in the Wheeler and Votipka leases and Cavanaugh property in exchange for incurring US\$1,400,000 in exploration expenditure on the properties over three years, and conveying back to the Company a 60% interest in the Wilson lease that previously was acquired by Goldcliff. The Company is the operator for the earn-in.

During the year ended December 31, 2017, the Company was informed by the Nevada State Division of Water Resources that it was forfeiting certain water rights at Pine Grove for non-use. This was at the time when the Company was in the process of applying for a point of diversion change.

The Company filed a petition for judicial review of the decision of the Division of Water Resources seeking reinstatement of the water rights and the right to apply for an extension of time to place the water to beneficial use. The District Court entered its written decision in August 2017 granting the Company’s petition. Lincoln has applied for an extension of time to place the water to beneficial use and will apply to change the point of diversion of the water to the Company’s proposed mine site.

LINCOLN MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the six months ended June 30, 2018

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

(b) Oro Cruz Property, California

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

- US\$50,000 on the execution date of the agreement (paid)
- US\$50,000 by February 22, 2011 (paid)
- US\$75,000 by February 22, 2012 (paid)
- US\$75,000 by February 22, 2013 (paid)
- US\$100,000 by February 22, 2014 (\$50,000 paid)
- US\$100,000 by February 22, 2015 (not paid)
- US\$150,000 by February 22, 2016 (not paid)
- US\$200,000 by February 22, 2017 (not paid)
- US\$200,000 by February 22, 2018 (not paid) and each subsequent anniversary of the effective date

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

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

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

On May 9, 2017, the Company entered into a letter agreement, through its subsidiary, Lincoln Gold US Corp. ("Lincoln US"), granting Ausgold Resources Pty. Ltd. ("Ausgold") an option until June 30, 2017 to enter into a joint venture agreement for the development of the Oro Cruz Property located in Imperial County, California ("JV Option"). As consideration for granting the JV Option, Ausgold has paid Lincoln US USD\$7,500 and committed to purchasing USD\$30,000 worth of securities in the Company's next private placement.

If the JV Option is exercised, the joint venture will cover the Hercules claims and the 131 claims held by Lincoln US as well as any mining interests or mineral properties acquired by either party within five miles of the Lincoln US claims.

On March 26, 2018, the Company has terminated the option it granted to Ausgold on May 9, 2017 on the Oro Cruz property as a consequence of Ausgold not satisfying its obligations under the option agreement. Lincoln retains the property in good standing and is in the process of reacquiring an option on the Hercules claims.

LINCOLN MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the six months ended June 30, 2018

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

On May 1, 2018, the Company entered into a Purchase Option Letter agreement to re-acquire a 100% interest in the Hercules claims from ADGIS, Inc. ("ADGIS") (this agreement replaces the original agreement from February 2010). The Company must make scheduled payments to ADGIS totaling US\$500,000 over five years and royalty payments as follows:

- US\$25,000 by May 15, 2018 (paid)
- US\$25,000 by August 1, 2018
- US\$25,000 by October 1, 2018
- US\$25,000 by December 1, 2018
- US\$50,000 by May 15, 2019
- US\$50,000 by May 15, 2020
- US\$100,000 by May 15, 2021
- US\$100,000 by May 15, 2022
- US\$100,000 by May 15, 2023
- 2% net smelter return royalty from production within the Hercules claim boundaries ("Hercules Royalty")
- 1% net smelter return royalty from production generated by the Company outside the Hercules claim boundaries and within a 1-mile radius of the Hercules claims ("Buffer Royalty")

0.5% of the Hercules Royalty and the Buffer Royalty together can be repurchased by the Company for US\$500,000, which would reduce the Hercules Royalty to 1.5% and the Buffer Royalty to 0.5%.

An additional 0.5% of the Hercules Royalty can be repurchased by the Company for US\$500,000 to reduce the Hercules royalty to 1%.

5 Accounts payable and accrued liabilities

On January 3, 2018, the Company completed a debt settlement agreement with various creditors of the Company with respect to outstanding debt (including principal and interest) totaling \$1,046,481. Of this amount, 11,285,513 common shares were issued to settle indebtedness to certain related parties of \$959,269, 1,100,801 common shares were issued to settle indebtedness to creditors of \$55,040 and 643,441 common shares were issued to settle promissory notes payable of \$32,172 (Notes 8, 9 and 10).

6 Provisions

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

The closing balance is summarized as follows:

	June 30, 2018	December 31, 2017
Beginning balance	\$ 81,543	\$ 87,276
Changes in exchange rates	4,049	(5,733)
Closing balance	85,592	81,543

During the six months ended June 30, 2018, the finance costs in relation to the accretion of the provision are negligible.

LINCOLN MINING CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the six months ended June 30, 2018

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

7 Loans payable

The following loans were provided by directors, former directors and insiders to the Company to support its working capital requirements.

	Six months ended June 30, 2018	Year ended December 31, 2017
	\$	\$
Opening balance	86,305	1,392,381
Loans provided during the period	-	17,900
Loans repaid during the period	(9,000)	(29,605)
Interest accrued during the period	1,669	3,981
Settlement of debt	-	(1,298,352)
Closing balance	78,974	86,305

During the year ended December 31, 2017, the Company received \$17,900 (2016 - \$14,310), and repaid \$29,605 (2016 - \$2,200), unsecured demand loan from the President of the Company. During the six months ended June 30, 2018, the Company repaid \$9,000. The remaining balance of the loan is unsecured, bearing interest at 5% per annum, calculated and payable on demand. The Company may repay the principal, in whole or in part, at any time without penalty. As at June 30, 2018, the loan payable balance to the President of the Company is \$78,974 (December 31, 2017 - \$86,305).

Effective January 1, 2016, all loans, except for the loans received from the President of the Company, ceased to accrue interest.

On June 9, 2017, the Company completed a debt settlement agreement (the "Settlement") with two former directors of the Company (the "Creditors") with respect to outstanding debt (including principal and interest) totaling \$4,033,795, of which \$1,298,352 was included in loans payable. Under the terms of the Settlement, the Creditors were issued an aggregate of 929,496 common shares of the Company and 16 million special warrants (the "Special Warrants"). Each Special Warrant may be exercised for only fully paid and non-assessable common share (a "Special Warrant Share") in the capital of the Company without payment of additional consideration for a period of 10 years from the date of issue (Notes 8 and 10).

8 Promissory notes

	Six months ended June 30, 2018	Year ended December 31, 2017
	\$	\$
Opening balance	604,810	3,332,057
Interest accrued during the period	4,134	14,898
Settlement of promissory notes	(32,172)	(2,735,443)
Foreign exchange	3,470	(6,702)
Closing balance	580,242	604,810

On February 28, 2014, the \$2,300,000 convertible debenture held by Procon Mining and Tunneling Ltd. and its affiliates (collectively, "Procon") (plus approximately \$175,000 in accrued interest), was repaid in full and discharged using funds through promissory notes maturing February 28, 2019 from companies controlled by two directors of the Company (the "Loans"). The Loans were interest bearing at a rate of 6% per annum, payable monthly commencing April 1, 2014. Concurrent with the transaction, the two directors resigned from the Company. Effective January 1, 2016, the Loans ceased to accrue interest.

LINCOLN MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the six months ended June 30, 2018

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

On June 9, 2017, the Company completed a debt settlement agreement (the "Settlement") with two former directors of the Company (the "Creditors") with respect to outstanding debt (including principal and interest) totaling \$4,033,795, of which \$2,735,443 was included in promissory notes payable. Under the terms of the Settlement, the Creditors were issued an aggregate of 929,496 common shares of the Company and 16 million special warrants (the "Special Warrants"). Each Special Warrant may be exercised for only fully paid and non-assessable common share (a "Special Warrant Share") in the capital of the Company without payment of additional consideration for a period of 10 years from the date of issue (Notes 7 and 10).

During the year ended December 31, 2014, the Company received advances pursuant to a promissory note of \$1,029,000 from Golden Dreams Limited Partnership ("GDLP"), the general partner of which is Mr. Ronald K. Netolitzky, a control person of the Company. The advances were unsecured and would not bear interest until November 2014. In October 2014, the Company issued 6,860,000 common shares at a value of \$0.15 per share to settle the debt of \$1,029,000. During the year ended December 31, 2015, the Company also received advances of \$25,000 (2014 - \$400,000) from Mr. Ronald K. Netolitzky. During the year ended December 31, 2016, the Company received additional \$15,000. The advances are unsecured, non-interest bearing and due on demand.

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

During the year ended December 31, 2015, the Company received US\$66,000 from a company that has an insider in common with Lincoln. The loan is secured by the Company's US properties and evidenced by a promissory note bearing interest at 6% per annum. The Company may prepay the principal, in whole or in part, at any time without penalty. During the year ended December 31, 2017, the existing promissory note was terminated and both parties subsequently entered into a new promissory note agreement consisting of the existing principal and interest in the aggregate amount of US\$71,000. The loan is secured by the Company's US properties and evidenced by a promissory note bearing interest at 9% per annum. Principal and accrued interest was payable upon termination of the note on September 15, 2017. On January 3, 2018, the Company issued 643,441 common shares for settlement of debt in the amount of \$32,172 (Note 10). The Company is currently in default of this note and is renegotiating the terms of the note.

During the year ended December 31, 2016, the Company received \$6,527 from a company with certain directors in common. The loan is unsecured, non-interest bearing and due on demand.

9 Related party transactions

The following transactions were carried out with related parties:

Key management personnel – services rendered and other compensation

Key management includes offices and directors – executive and non-executive. The compensation paid or payable to key management personnel for the services rendered during the six months ended June 30, 2018 and 2017 were as follows:

	Six months ended June 30, 2018	Six months ended June 30, 2017
Management fees	\$ 65,500	\$ 54,000
Exploration expenses	84,958	53,160
Accounting fees	30,000	15,000
Total	180,458	122,160

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

LINCOLN MINING CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the six months ended June 30, 2018

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

Balance due to related parties

	As at June 30, 2018	As at December 31, 2017
	\$	\$
Executive officers and their controlled companies	904,894	1,389,285
Directors	15,000	154,269
Total	919,894	1,543,554

Balance due from related parties

	As at June 30, 2018	As at December 31, 2017
	\$	\$
Executive officers and their controlled companies	822	18,596
Total	822	18,596

The balances due from related parties are included in receivables.

On January 3, 2018, the Company issued 11,285,513 common shares for settlement of debt to management and directors of the Company in the amount of \$959,269 (Note 10).

Loans from related parties

See Notes 7 and 8 for further details.

Other transactions with related parties

During the six months ended June 30, 2018, the Company received \$17,010 (2017 - \$16,200) from Golden Band Resources Inc., a company with certain officers and directors in common, for office rent.

10 Share capital and reserves

a) Authorized share capital

As at June 30, 2018, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares are fully paid.

On April 26, 2017, the Company closed a non-brokered private placement. The Company issued a total of 11,400,000 units at a price of \$0.05 per unit for total gross proceeds of \$570,000. Each unit is comprised of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.08 per share until April 26, 2022. The Company paid \$32,200 in cash commissions and issued a total of 644,000 finder's warrants having the same terms as the private placement warrants. The fair value of the finder's warrants was \$38,510 calculated using the Black-Scholes Option Pricing Model using the following assumptions: expected life – 5 years; expected volatility – 265.58%; expected dividend yield – 0%; and risk-free rate – 1.07% (Note 12).

LINCOLN MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the six months ended June 30, 2018

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

On June 9, 2017, the Company completed a debt settlement agreement (the "Settlement") with two former directors of the Company (the "Creditors") with respect to outstanding debt (including principal and interest) totaling \$4,033,795. Under the terms of the Settlement, the Creditors were issued an aggregate of 929,496 common shares of the Company valued at \$55,770 and 16 million special warrants (the "Special Warrants"). Each Special Warrant may be exercised for only fully paid and non-assessable common share (a "Special Warrant Share") in the capital of the Company without payment of additional consideration for a period of 10 years from the date of issue (Notes 7, 8 and 12). The Settlement includes, amongst other things, a restriction on the exercise of the Special Warrants such that the Company shall not be obligated to issue any Special Warrant Shares upon the purported exercise of the Special Warrants if immediately following the exercise of such Special Warrants, the Creditors and their affiliates hold in aggregate more than 9% of the issued and outstanding common shares of the Company. The Special Warrants have no voting rights and no entitlement to dividends. The fair value of the Special Warrants was \$960,000 calculated using the Black-Scholes Option Pricing Model using the following assumptions: expected life – 10 years; expected volatility – 223.96%; expected dividend yield – 0%; and risk-free rate – 1.59%. The common shares and Special Warrants issued resulted in a gain on settlement of debts of \$3,018,025.

On September 15, 2017, the Company closed a non-brokered private placement. The Company issued a total of 3,100,000 units at a price of \$0.05 per unit for total gross proceeds of \$155,000. Each unit is comprised of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.10 per share until September 15, 2019. The Company paid \$10,850 in cash commissions and issued a total of 217,000 finder's warrants having the same terms as the private placement warrants. The fair value of the finder's warrants was \$5,497 calculated using the Black-Scholes Option Pricing Model using the following assumptions: expected life – 2 years; expected volatility – 164%; expected dividend yield – 0%; and risk-free rate – 1.31% (Note 12).

On January 3, 2018, the Company completed a debt settlement agreement with various creditors of the Company with respect to outstanding debt (including principal and interest) totaling \$1,046,481. Of this amount, 11,285,513 common shares were issued to settle indebtedness to certain related parties of \$959,269, 1,100,801 common shares were issued to settle indebtedness to creditors of \$55,040 and 643,441 common shares were issued to settle promissory notes payable of \$32,172 (Notes 5, 8, 9 and 12). The common shares issued resulted in a gain on settlement of debts of \$525,291.

On January 26, 2018, the Company closed a non-brokered private placement. The Company issued a total of 13,421,904 units at a price of \$0.05 per unit for total gross proceeds of \$671,095. Each unit is comprised of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.08 per share until April 26, 2022. The Company paid \$6,250 in cash commissions.

On February 20, 2018, the Company closed a non-brokered private placement. The Company issued a total of 1,420,000 units at a price of \$0.05 per unit for total gross proceeds of \$71,000. Each unit is comprised of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.08 per share until April 26, 2022.

On May 30, 2018, the Company closed a non-brokered private placement. The Company issued a total of 6,000,000 units at a price of \$0.05 per unit for total gross proceeds of \$300,000. Each unit is comprised of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.08 per share until April 26, 2022.

LINCOLN MINING CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the six months ended June 30, 2018

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

b) Capital reserves

	Capital reserve - options	Capital reserve - warrants	Capital reserve – convertible debenture	Total
	\$	\$	\$	\$
Balance as at December 31, 2017	1,227,184	1,145,679	215,386	2,588,249
Private placements	-	282,618	-	282,618
Balance as at June 30, 2018	1,227,184	1,428,297	215,386	2,870,867

c) Stock options

As at June 30, 2018, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
1,809,000	\$0.15	November 26, 2019
1,809,000		

Stock option transactions for the six months ended June 30, 2018 and for year ended December 31, 2017 are summarized as follows:

	Six months ended June 30, 2018		Year ended December 31, 2017	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
		\$		\$
Balance, beginning of period	1,809,000	0.15	1,809,000	0.15
Balance, end of period	1,809,000	0.15	1,809,000	0.15
Options exercisable, end of period	1,809,000	0.15	1,809,000	0.15

d) Warrants

As at June 30, 2018, the Company had share purchase warrants, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
1,375,000	\$0.12	August 16, 2018
157,500	\$0.12	August 16, 2018
3,317,000	\$0.10	September 15, 2019
32,885,904	\$0.08	April 26, 2022
37,735,404		

LINCOLN MINING CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the six months ended June 30, 2018

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

Warrants transactions for the six months ended June 30, 2018 and for year ended December 31, 2017 are summarized as follows:

	Six months ended June 30, 2018		Year ended December 31, 2017	
	Number of Warrants	Weighted average exercise price	Number of Warrants	Weighted average exercise price
		\$		\$
Balance, beginning of period	16,893,500	0.09	1,532,500	0.12
Issued	20,841,904	0.08	12,044,000	0.08
Issued	-	-	3,317,000	0.10
Balance, end of period	37,735,404	0.08	16,893,500	0.09

e) Share subscriptions received in advance

During the year ended December 31, 2017, the Company received \$38,095 related to a private placement that closed on January 26, 2018.

11 Financial instruments

Capital risk management

The Company defines its capital as shareholders' deficiency. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has interests are in the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will need to raise additional funds in the future until the production commences. The Company will continue to assess new properties and seek to acquire an interest in additional properties if management consider there is sufficient geologic or economic potential and the Company has adequate financial resources and support from investors. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes to the Company's approach to capital management during the current period.

LINCOLN MINING CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the six months ended June 30, 2018

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

Categories of financial instruments

	June 30, 2018	December 31, 2017
	\$	\$
Financial assets *		
<i>Loans and receivables</i>		
Cash	99,903	21,899
Other receivables	45,652	32,504
	145,555	54,403
Financial liabilities		
Current		
<i>Amortized at cost</i>		
Accounts payable and accrued liabilities	237,109	847,054
Due to related parties	919,894	1,535,554
Loans payable	78,974	86,305
Promissory notes	580,242	604,810
Non-current		
<i>Amortized at cost</i>		
Promissory notes	-	-
	1,816,219	3,073,723

* Sales taxes recoverable do not represent financial instruments and are excluded from the analysis

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Fair value

The carrying value of cash, other receivables, accounts payable and accrued liabilities, due to related parties, loans payable, and promissory notes approximated their fair value because of the relatively short-term nature of these instruments.

Foreign exchange risk

The Company's operations in the United States expose the Company to foreign exchange risk. The Company is subject to currency risk due to the fluctuations of exchange rates between the Canadian and US dollars. The Company does not believe it is exposed to significant foreign exchange risk. A 10% fluctuation in the foreign exchange rate between the Canadian and US dollar will result in a foreign exchange gain/loss of approximately \$16,000. The Company does not enter into derivative financial instruments to mitigate foreign exchange risk.

Credit risk

The Company is not exposed to material credit risk.

Interest rate risk

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

Liquidity risk

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

Price risk

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

LINCOLN MINING CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the six months ended June 30, 2018

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

12 Supplemental cash flow information

	Six months ended June 30, 2018	Six months ended June 30, 2017
	\$	\$
Cash paid for interest	-	-
Cash paid for income taxes	-	-

On April 26, 2017, the Company issued a total of 644,000 finder's warrants with a fair value of \$38,510 (Note 10).

On June 9, 2017, the Company issued an aggregate of 929,496 common shares of the Company and 16 million Special Warrants to settle outstanding debt totaling \$4,033,795 (Note 10).

On September 15, 2017, the Company issued a total of 217,000 finder's warrants with a fair value of \$5,497 (Note 10).

On January 3, 2018, the Company issued 13,029,755 common shares of the Company to settle outstanding debt totaling \$1,046,481 (Note 10).

13 Commitment

In addition to commitments disclosed elsewhere in the consolidated financial statements, pursuant to a premises lease, the Company's future lease commitment as at June 30, 2018 is as follows:

	\$
2018	28,090
2019	57,027
2020	58,389
2021	44,557
	<u>188,063</u>

14 Segmented information

The Company operates in one reportable operating segment, being the acquisition, exploration and evaluation of mineral properties.

The Company operates within two geographic areas – United States of America and Canada.

	Non-current assets
	\$
December 31, 2017	
United States of America	7,767
Canada	12,298
	<u>20,065</u>
June 30, 2018	
United States of America	38,330
Canada	12,250
	<u>50,580</u>

LINCOLN MINING CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited)
For the six months ended June 30, 2018

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

15 Subsequent event

On August 24, 2018, the Company received US\$50,000 from Dragon Hill Creation Limited. The loan is unsecured and evidence by a promissory note bearing interest at 10% per annum, calculated and payable on the termination date of the promissory note being June 30, 2019. The Company may prepay the principal, in whole or in part, at any time without penalty.



FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) AS OF AUGUST 28, 2018 TO ACCOMPANY THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF LINCOLN MINING CORPORATION (THE "COMPANY" OR "LINCOLN") FOR THE SIX MONTHS ENDED JUNE 30, 2018.

This Management's Discussion and Analysis ("MD&A"), which has been prepared as of August 28, 2018, should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the six months ended June 30, 2018 and the annual consolidated financial statements of the Company for the year ended December 31, 2017. All financial amounts are stated in Canadian currency unless stated otherwise.

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

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

1. Overview

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

Lincoln Mining Corp. is a precious metals exploration and development company with two projects in various stages of exploration which include the Pine Grove property in Nevada, USA, and the Oro Cruz gold property in California, USA. In the United States, the Company operates under its subsidiaries, Lincoln Gold US Corp and Lincoln Resource Group Corp.

The Company's intention and strategies are to continue to advance its projects, with a long term goal of building Lincoln into a mid-tier gold producer.

Activities during the six months ended June 30, 2018:

On January 3, 2018, the Company completed a debt settlement agreement with various creditors of the Company with respect to outstanding debt (including principal and interest) totaling \$1,046,481. Of this amount, 11,285,513 common shares were issued to settle indebtedness to certain related parties of \$959,269, 1,100,801 common shares were issued to settle indebtedness to creditors of \$55,040 and 643,441 common shares were issued to settle promissory notes payable of \$32,172. The common shares issued resulted in a gain on settlement of debts of \$525,291.

On January 26, 2018, the Company closed a non-brokered private placement. The Company issued a total of 13,421,904 units at a price of \$0.05 per unit for total gross proceeds of \$671,095. Each unit is comprised of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.08 per share until April 26, 2022. The Company paid \$6,250 in cash commissions.

FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the six months ended June 30, 2018

(in Canadian dollars, unless otherwise stated)

On February 20, 2018, the Company closed a non-brokered private placement. The Company issued a total of 1,420,000 units at a price of \$0.05 per unit for total gross proceeds of \$71,000. Each unit is comprised of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.08 per share until April 26, 2022.

On March 26, 2018 the Company terminated the Option Agreement with Ausgold Resources Pty Ltd on the Oro Cruz project in Imperial County, California. Lincoln retains the property in good standing and announced on May 11, 2018 that it had re-acquired the Hercules claims by signing a Purchase Option Agreement with ADGIS, the owner of the claims in Imperial County, California ("JV Option").

On May 15, 2018 the Company submitted a Mine Plan of Operations to the United States Forest Service for the Pine Grove project.

On May 1, 2018, the Company entered into a Purchase Option Letter agreement to re-acquire a 100% interest in the Hercules claims from ADGIS, Inc. The Hercules claims consist of 20 lode claims covering the Oro Cruz pit and gold deposit in Imperial County, California. The Oro Cruz property now consists of the 20 lode claims optioned to Lincoln under the Purchase Option, plus the 131 lode claims currently held by the Company, for a total of 151 claims comprising over 3,000 acres.

On May 30, 2018, the Company closed a non-brokered private placement. The Company issued a total of 6,000,000 units at a price of \$0.05 per unit for total gross proceeds of \$300,000. Each unit is comprised of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.08 per share until April 26, 2022.

On August 24, 2018, the Company received US\$50,000 from Dragon Hill Creation Limited. The loan is unsecured and evidenced by a promissory note bearing interest at 10% per annum, calculated and payable on the termination date of the promissory note being June 30, 2019. The Company may prepay the principal, in whole or in part, at any time without penalty.

Pine Grove Project Status

A summary to cover the last 15 months activities.

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

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

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

In January 2017 Lincoln received word from Placer that it would carry on with its operation at the Pine Grove property. During the summer, fall and winter months of 2017 and the early part of 2018 Placer carried out various work programs. The work included seismic refraction surveys, dump sampling, and sonic drilling of the dumps and natural occurring placer materials. Also in early 2018 Placer planned and completed screening operations and dump material stockpiling which will be fed through a gravity recovery plant later in the year.

FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the six months ended June 30, 2018

(in Canadian dollars, unless otherwise stated)

In June 2016, Goldcliff Resource Corporation ("Goldcliff"), a company with a common director, acquired the lease to the Wilson claims from the Company in exchange for Goldcliff assuming the future lease commitments as well as outstanding lease payments and work commitments.

In August 2016, the Company entered into an agreement with Goldcliff whereby Goldcliff can earn a 40% interest in the Wheeler and Votipka leases and Cavanaugh property in exchange for incurring US\$1,400,000 in exploration expenditure on the properties over three years, and conveying back to the Company a 60% interest in the Wilson lease that previously was acquired by Goldcliff. The Company is the operator for the earn-in.

The drilling program previously announced on October 27, 2016 was completed by mid-December. The 14 holes totalled 2,132.6 metres (6,9762.5 feet). All assays were received by the first of February and are reviewed in the news release of February 9th, 2017.

No additional exploration work was carried out on the property during 2017. However a number of permitting studies were performed. In August the Company engaged a team of consultants to guide it through the permitting process. The Company plans to submit a Plan of Operations (PoO) by August 2018 which will include all pertinent information regarding the overall design, construction plans, operational details, and closure scenario of the proposed mine.

To aid the Company in all this work, Lincoln is pleased to announce the engagement of an effective permitting team that will allow it to proceed with permitting of the Pine Grove Project towards operation. The consulting team with respective task assignments consists of the following:

Stantec Consulting Services Inc. – For the collection of environmental baseline data and writing of environmental reports. Stantec has prepared documentation to present the results of acid base accounting ("ABA") and meteoric water mobility procedure ("MWMP") of samples from drill holes intended to test waste rock at Lincoln's proposed Pine Grove Project. This testing was requested by the NDEP's Bureau of Mining Reclamation and Regulation ("BMRR"). Stantec has delivered archaeological, botanical and wildlife studies to the USFS. Stantec installed a meteorological station and has collected site-specific weather data since 2010. Stantec is preparing a Reclamation Plan for the proposed Pine Grove mine.

Welsh Hagen Associates – Working with management and other consultants on the Plan of Operations ("POO") as it pertains to mine design.

Kappes, Cassidy & Associates – Metallurgical assessment, process engineering, and mine facilities design and construction.

Golder Associates Inc. – Collection and evaluation of geotechnical information required for the POO and pit wall stability.

On May 15, 2018 The Company through its subsidiary Lincoln Resource Group Corp., submitted a Mine Plan of Operations (**PoO**) to the United States Forest Service, Humboldt-Toiyabe National Forest. The PoO was compiled by Welsh Hagen Associates of Reno, Nevada and incorporated data and information from a number of consulting companies that are working on the project. Submission of the PoO initiates the National Environmental Policy Act (**NEPA**), which requires the compilation of an Environmental Impact Statement (**EIS**), including public comment. The lead agency is the U.S. Forest Service – Bridgeport Ranger District in Bridgeport, California. Lincoln is working closely with its prime environmental contractor, Stantec Consulting Services of Reno, Nevada and the U.S. Forest Service to advance the permitting process as quickly as possible. Stantec has been chosen as our Prime Contractor for the EIS.

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Oro Cruz Property Status

A summary to cover the last 15 months activities.

The Oro Cruz property has excellent potential for open-pit and underground mining. An Inferred resource for the project was reported in a NI 43-101 Technical Report in September 2010.

Lincoln's immediate goal has been to increase and advance the 376,600 Inferred ounces gold to Measured and Indicated categories by confirmation drilling. No significant exploration work has been completed since early 2013. New funding will be required for the confirmation program. The Company is considering the possibility of a JV on the project.

In May of 2017 Lincoln announced that pursuant to a letter agreement dated May 9, 2017, the Company, through its subsidiary, Lincoln Gold US Corp. ("**Lincoln US**"), granted Ausgold Resources Pty. Ltd. ("**Ausgold**") an option until June 30, 2017 to enter into a joint venture agreement for the development of the Oro Cruz Property located in Imperial County, California ("**JV Option**"). As consideration for granting the JV Option, Ausgold has paid Lincoln US USD\$7,500 and committed to purchasing USD\$30,000 worth of securities in the Company's next private placement.

The JV Option is exercisable by Ausgold providing Lincoln US with notice that Ausgold is satisfied with its due diligence investigation of Lincoln US's Oro Cruz Property and has entered into an option with a third party to acquire certain mineral claims referred to as the Hercules claims in Imperial County, California. The joint venture will cover the Hercules claims and the 131 claims held by Lincoln US as well as any mining interests or mineral properties acquired by either party within five miles of the Lincoln US claims.

The JV Option was exercised and the parties agreed to negotiate a formal joint venture agreement which will include the following:

- a. periodic payments to Lincoln US from June 30, 2017 until January 15, 2019 totalling US\$225,000 plus 200,000 shares of Ausgold (or an additional US\$30,000 if Ausgold shares are not publicly traded);
- b. expenditures of an aggregate of US\$1,000,000 by January 15, 2019 on the claims covered by the joint venture, with Ausgold as the operator;
- c. upon the above payments and expenditures being made, Ausgold will hold a 51% joint venture interest and Lincoln US will hold a 49% interest;
- d. upon Ausgold earning a 51% joint venture interest, Ausgold shall have the right to increase its interest in the joint venture to 75% by spending an additional US\$1,100,000 on the joint venture properties by January 15, 2020.

Lincoln announced in March 2018 that its subsidiary, Lincoln Gold US Corp. ("**Lincoln US**"), terminated the option it granted to Ausgold Resources Pty. Ltd. ("**Ausgold**") on May 9, 2017 on Lincoln US' Oro Cruz property as a consequence of Ausgold not satisfying its obligations under the option agreement. Lincoln retains the property in good standing. Lincoln retains the property in good standing and announced on May 11, 2018 that it had re-acquired the Hercules claims by signing a Purchase Option Agreement with ADGIS, the owner of the claims in Imperial Country, California ("**JV Option**").

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On May 1, 2018, the Company entered into a Purchase Option Letter agreement to re-acquire a 100% interest in the Hercules claims from ADGIS, Inc. ("ADGIS") (this agreement replaces the original agreement from February 2010). The Company must make scheduled payments to ADGIS totaling US\$500,000 over five years and royalty payments as follows:

- US\$25,000 by May 15, 2018 (paid)
- US\$25,000 by August 1, 2018
- US\$25,000 by October 1, 2018
- US\$25,000 by December 1, 2018
- US\$50,000 by May 15, 2019
- US\$50,000 by May 15, 2020
- US\$100,000 by May 15, 2021
- US\$100,000 by May 15, 2022
- US\$100,000 by May 15, 2023
- 2% net smelter return royalty from production within the Hercules claim boundaries ("Hercules Royalty")
- 1% net smelter return royalty from production generated by the Company outside the Hercules claim boundaries and within a 1-mile radius of the Hercules claims ("Buffer Royalty")

0.5% of the Hercules Royalty and the Buffer Royalty together can be repurchased by the Company for US\$500,000, which would reduce the Hercules Royalty to 1.5% and the Buffer Royalty to 0.5%.

An additional 0.5% of the Hercules Royalty can be repurchased by the Company for US\$500,000 to reduce the Hercules royalty to 1%.

2. Results of Operations

Results of Operations – For the six months ended June 30, 2018

For the six months ended June 30, 2018, the Company incurred an operational loss of \$209,896 (2017: income of \$2,775,831). The Company recognized a gain on settlement of debts in the amount of \$525,291 (2017: \$3,018,025). Removing this from the results, the Company had an operational loss of \$735,187 (2017: \$242,194).

Consulting and management fees increased by \$15,650, or 25.8%. In addition, investor relations and shareholder services increased by \$6,577 and travel increased by \$30,743 as a result of the private placements that closed in January 2018, February 2018 and May 2018, and debt settlement agreement in January 2018.

Exploration expenses increased to \$348,963 compared to the same period in the prior year of (\$10,437) mainly due to the exploration activity on the Pine Grove property.

Results of Operations – For the three months ended June 30, 2018

For the three months ended June 30, 2018, the Company incurred an operational loss of \$442,521 (2017: income of \$2,904,835). The Company recognized a gain on settlement of debts in the amount of \$Nil (2017: \$3,018,025). Removing this from the results, the Company had an operational loss of \$442,521 (2017: \$113,190).

Office maintenance increased by \$9,051 and travel increased by \$18,069 as a result of the private placement that closed in May 2018. These increases are offset by a decrease in professional fees by \$42,368 as a result of entering into a debt settlement agreement in the same period of the prior year.

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The Company's key projects are Pine Grove, and Oro Cruz. The total costs incurred on all significant projects since 2007 is summarized in the table below:

Exploration expenses (recoveries)	Pine Grove	Oro Cruz	Bell Mountain	La-Bufa	Other properties (refunds)	Total
	\$	\$	\$	\$	\$	\$
June 30, 2018 , (IFRS reporting)	342,390	-	-	-	6,573	348,963
2017 , (IFRS reporting)	509,985	(70,594)	-	-	7,546	446,937
2016 , (IFRS reporting)	(602)	47,238	-	-	-	46,636
2015 , (IFRS reporting)	162,901	83,380	33,104	-	-	279,385
2014 , (IFRS reporting)	318,941	157,797	144,295	46,897	7,811	675,741
2013 , (IFRS reporting)	326,388	119,081	1,200,383	87,646	32,150	1,765,648
2012 , (IFRS reporting)	234,525	247,285	100,461	402,810	7,590	992,671
2011 , (IFRS reporting)	610,664	404,483	-	1,240,844	11,288	2,267,279
2010 , (IFRS reporting)	1,609,436	310,637	-	472,534	1,645	2,394,252
2009 , (Canadian GAAP)	553,319	7,586	-	121,861	(7,898)	674,868
2008 , (Canadian GAAP)	509,333	-	-	1,501,906	14,347	2,025,586
2007 , (Canadian GAAP)	154,145	-	-	163,705	25,287	343,137
	5,331,425	1,306,893	1,478,243	4,038,203	106,339	12,261,103
Less recoveries	-	(328,765)	-	(1,051,735)	-	(1,380,500)
Total exploration expenses incurred	5,331,425	978,128	1,478,243	2,986,468	106,339	10,880,603

Summary of Quarterly Results:

	2 nd Quarter 2018	1 st Quarter 2018	4 th Quarter 2017	3 rd Quarter 2017
	\$	\$	\$	\$
Revenue	-	-	-	-
Exploration expenses	257,926	91,037	316,968	140,406
Administrative expenses (incl. interest expense)	184,595	201,629	136,047	80,087
Income (loss) and comprehensive earnings (loss)	(442,521)	232,625	(427,523)	(220,493)
Basic and diluted earnings (loss) per share	(0.01)	0.00	(0.01)	(0.01)
Total assets	249,207	346,020	190,921	319,029
Working capital deficiency	(1,617,592)	(1,445,490)	(2,900,170)	(2,513,234)

	2 nd Quarter 2017	1 st Quarter 2017	4 th Quarter 2016	3 rd Quarter 2016
	\$	\$	\$	\$
Revenue	-	-	-	-
Exploration expenses (recovery)	(35,694)	25,257	(30,360)	50,735
Administrative expenses (incl. interest expense)	148,884	103,747	71,578	117,215
Income (loss) and comprehensive earnings (loss)	2,904,835	(129,004)	(4,353)	(167,950)
Basic and diluted earnings (loss) per share	0.09	(0.01)	(0.00)	(0.01)
Total assets	384,297	164,630	191,502	160,060
Working capital (deficiency)	(2,433,927)	(4,131,604)	(4,028,092)	(4,021,850)

The administrative expenses over the recent quarters decreased as a result of increase in activity related to the completed private placements and debt settlement agreements with certain creditors.

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3. Project Summaries and Activities

PROJECTS - Overview

Pine Grove Property, Nevada – The Pine Grove project, located in Lyon County, Nevada, is the Company's most advanced project. At the time of writing of this MDA Lincoln has just submitted a Mining Plan of Operations to the US Forest Service and has hired Stantec Consulting Services of Reno, Nevada to assist the US forest Service in writing the Environmental Impact Statement that is required to be completed to take the project to production.

An amended and restated Preliminary Economic Assessment was issued on February 4, 2015 and filed with the British Columbia Securities Commission and is available for review under the Company's profile on SEDAR (see Lincoln news release February 16, 2015). Lincoln has agreed to Joint Venture the project with Goldcliff Resource Corporation.

Oro Cruz Property, California - The Oro Cruz property has excellent potential for open-pit and underground mining. An Inferred resource for the project was reported in a NI 43-101 Technical Report in September 2010. Lincoln's immediate goal is to increase and advance the 376,600 Inferred ounces gold to Measured and Indicated categories by confirmation drilling. No significant work was completed since early 2013. New funding will be required for the confirmation program. Claim payments were made in late August to the BLM and the County to keep the claims in good standing. Lincoln agreed to Joint Venture the project with Ausgold Resources Pty Ltd. in July 2017. However in On March 26, 2018 the Company terminated the Option Agreement with Ausgold Resources Pty Ltd on the Oro Cruz project in Imperial County, California as a consequence of Ausgold not satisfying its obligations under the option agreement. On May 1, 2018, the Company entered into a Purchase Option Letter agreement to re-acquire a 100% interest in the Hercules claims from ADGIS, Inc.

Projects

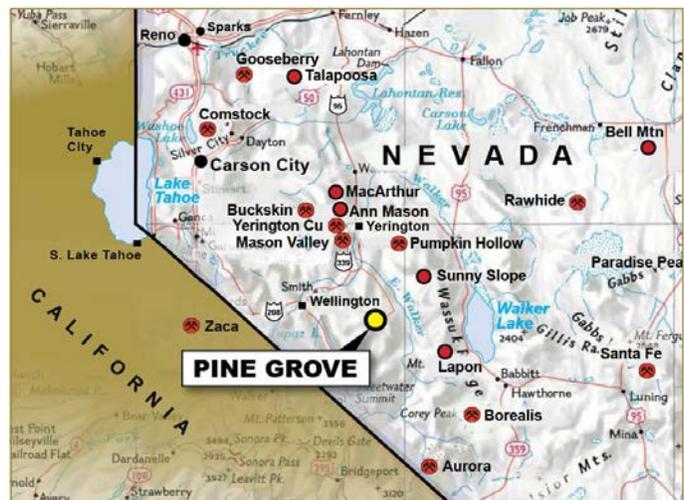
Pine Grove Property, Nevada – The Pine Grove project, located in Lyon County, Nevada, is the Company's most advanced project. At the time of writing of this MDA Lincoln is well underway the permitting studies needed to take the project to production. An amended and restated Preliminary Economic Assessment was issued on February 4, 2015 and filed with the British Columbia Securities Commission and is available for review under the Company's profile on SEDAR (see Lincoln news release February 16, 2015). A prefeasibility study will be undertaken by mid 2018 and should be completed in the final quarter of that same year.

Pine Grove Gold Property, Lyon County, Nevada

Pine Grove – Overview:

The Pine Grove Property continues as a development-stage gold project. The project lies approximately 20 miles south of Yerington, in the Pine Grove Hills, Lyon County, Nevada. The Company has mining leases on the Wilson and Wheeler mines (patented claims) and 243 unpatented claims owned directly by Lincoln. The Company's land position covers approximately 7 square miles that encompass the main gold mineralization, exploration targets and adequate land for mine facilities. Two hundred seventy-three holes have been drilled in the district. Eighty-three holes were drilled in 2009 and 2010 by Lincoln.

On December 8, 2011, a Preliminary Economic Assessment (PEA) was issued by Telesto Nevada Inc. of Reno, NV. An amended and restated PEA was issued on February 4, 2015 by Welsh-Hagen Associates (formerly Telesto Nevada Inc.) and their Qualified Persons. (see Lincoln news release February 16, 2015)



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The 2015 PEA reports total Measured and Indicated resources at 134,500 ozs gold contained in 3,373,000 tons of mineralized material grading 0.040 opt Au using a cutoff grade of 0.007 opt gold. Inferred resources were reported at 6,600 ozs gold contained in 160,000 tons of mineralized material grading 0.041 opt Au using a cutoff grade of 0.007 opt Au. In order to comply with the CIM definition for resources, only those mineralized blocks contained within a designed pit shell are reported as resources. These resources are contained in two conceptual pits, the Wheeler and the Wilson, based on a gold price of \$1,425.

A prefeasibility study will be undertaken by mid 2018 and be completed in the final quarter of that same year.

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

The Pine Grove – Preliminary Economic Assessment

On February 16, 2015, Lincoln announced that it had received a positive PEA on the proposed open-pit and heap-leach operations at the Pine Grove gold project. A summary of total Measured and Indicated resources and Inferred resources is presented in the table below. Combined Measured resources (72%) and Indicated resources (28%) total 134,500 ozs gold within designed pit shells containing 3,373,000 tons of mineralized material grading 0.040 opt gold at a 0.007 opt gold cutoff grade. Combined Inferred resources within designed pit shells contain 160,000 tons of mineralized material grading 0.041 opt gold at a 0.007 opt gold cutoff grade. The pits were designed on a gold price of \$1425 per oz. The PEA recommends two conventional open pits with a combined stripping ratio of 3.2:1 (Wheeler 2.2:1; Wilson 4.4:1). Contract mining would be employed with a goal of producing 1 million tons of leachable ore per year. Mining operations would be conducted 5 days per week, one shift per day. Crushing operations reducing the ore to 3/8-inch would be conducted 5 days per week, 2 shifts per day with 1 weekend maintenance shift. A gold recovery value of 75% is estimated if the crushed ore is agglomerated. The mine life is presently estimated at 5 years with gold production over a 4-year period ranging from approximately 23,000 to 27,000 ozs gold per year. Capital costs are estimated at approximately \$29.8 million. At \$1425 per oz gold, the project has an IRR of 23% after royalties, reclamation costs, and the Nevada net Proceeds Tax.

History and Recent Activities

The Pine Grove project is located south of Reno, Nevada Lincoln Resource, with its joint venture partner Goldcliff Resources, controls 100% of the Pine Grove Gold Project. Historic gold production was 240,000 ozs high-grade gold from underground mining in the late 1800s and early 1900s

By 2007, Lincoln had compiled a 7 sq. mile land package covering the entire mining district. Includes two important private parcels, the Wilson patents and the Wheeler patents. Approximately 90% of the gold resources defined to date occur on the private lands which are surrounded by Forest Service ground.

The drilling of 190 drill holes by Teck Resources in the 1990s and 85 holes drilled by Lincoln in 2010 and 2016 makes up the 275 holes drilled on the property; this includes 6 metallurgical core holes. The metallurgical work has been completed by McClelland Labs and Kappes Cassidy in Reno; good recoveries have been shown. Engineering work has been completed by Welsh-Hagen Associates in Reno and a positive Preliminary Economic Assessment was completed in 2011 & amended in 2015. A pre-feasibility is underway and should be completed by year end 2018. Extensive environmental baseline studies have been completed and others are on-going. The studies are being lead by Stantec Consulting Services in Reno and include Wildlife Studies including sage grouse & raptors studies, botanical studies, seeps & springs studies, hydrologic basin studies, cultural resources surveys, static & kinetic geochemical studies on waste and ore, on-site weather station. A number of other studies are required and underway.

Planned additional work will include expanded archaeological surveys and hydrologic basin analysis. Also, some additional geochemical testing for acid-base accounting and water mobility is planned. As well, permitting for production continued throughout the year.

Lincoln plans to advance the Pine Grove project to an open-pit mine with heap-leach gold recovery. In that regard the Company hired a senior permitting consultant to help it acquire all necessary permits for production. While a number of studies have been completed that are needed for permitting completion there are a number of studies remaining to be completed.

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In November 2016, the Company along with its JV partner, Goldcliff Resource Corporation began a 14 hole drill program on the north side of its Wilson patented ground. The drilling was completed by mid December 2016. All assays were received by the beginning of February 2017. A news release issued on February 9 2017 summarizes the assay results.

The Company announced on April 19th, 2017 that it has hired a Director of Permitting and Environmental Compliance. Mr. Del Fortner, who from 2003 to 2006 directed the Federal mining program for Nevada as Deputy State Director of the Bureau of Land Management (BLM), will assist the joint venture in developing the most cost effective and timely strategies for all exploration and mine development permit issues. He will also provide guidance for all communication with environmental consultants, local, state and federal agencies and local stakeholders.

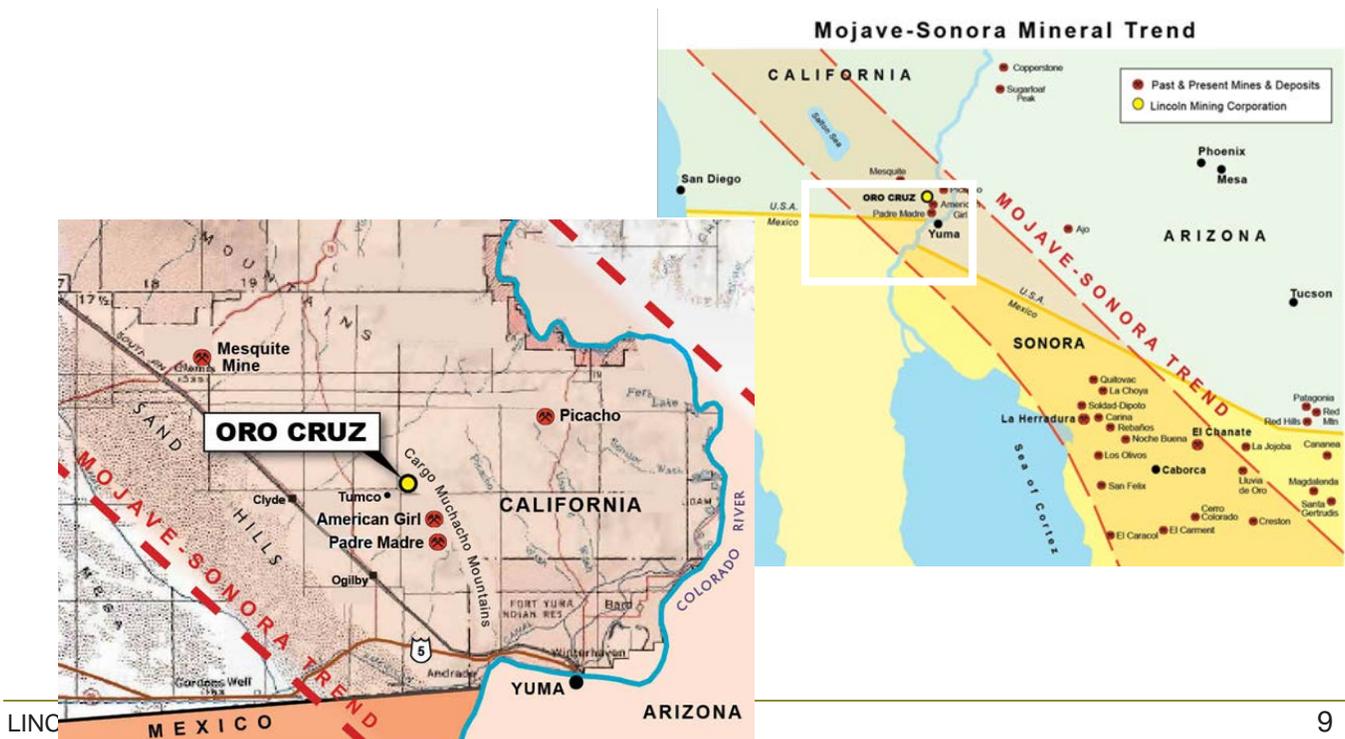
During the year ended December 31, 2017, the Company was informed by the Nevada State Division of Water Resources that it was forfeiting certain of our water rights at Pine Grove for non-use. This was at the time when the Company was in the process of applying for a point of diversion change. The Company sued the Water Division for a return of its water rights. The Company filed a petition for judicial review of the decision of the Division of Water Resources seeking reinstatement of the water rights and the right to apply for an extension of time to place the water to beneficial use. The District Court entered its written decision in August 2017 granting the Company's petition. Lincoln has applied for an extension of time to place the water to beneficial use and will apply to change the point of diversion of the water to the Company's proposed mine site.

Oro Cruz Gold Property, Imperial County, California

Oro Cruz – Overview:

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

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



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Oro Cruz – History:

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

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

On May 1, 2018, the Company entered into a Purchase Option Letter agreement to re-acquire a 100% interest in the Hercules claims from ADGIS, Inc.

Oro Cruz – Geology & Mineralization:

Oro Cruz Gold Resources – September 2010 – Tetra Tech Report

Category	Cutoff Grade (opt gold)	Short Tons	Average Grade (opt gold)	Contained Ozs Gold
Inferred	0.02	4,835,000	0.070	341,800
Inferred	0.01	7,860,000	0.050	376,600

New Opportunities

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

4. Outstanding Share Data

The Company's issued and outstanding common shares are 74,797,176 as at the date of this report.

The Company has a total of 1,809,000 outstanding options with exercise price of \$0.15 expiring on November 26, 2019.

The Company has a total of 1,532,500 share purchase warrants with exercise price of \$0.12 expiring on August 16, 2018; 32,885,904 share purchase warrants with exercise price of \$0.08 expiring on April 26, 2022; 3,317,000 share purchase warrants with exercise price of \$0.10 expiring on September 15, 2019 and 16,000,000 special warrants expiring on June 9, 2027.

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5. Related Party Transactions

The following transactions were carried out with related parties:

Key management personnel – services rendered and other compensation

Key management includes officers and directors – executive and non-executive. The compensation paid or payable to key management personnel for the services rendered during the six months ended June 30, 2018 and 2017 were as follows along with exploration and accounting fees:

	Six months ended June 30, 2018	Six months ended June 30, 2017
	\$	\$
Management fees	65,500	54,000
Exploration expenses	84,958	53,160
Accounting fees	30,000	15,000
Total	180,458	122,160

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

Balance due to related parties

	As at June 30, 2018	As at December 31, 2017
	\$	\$
Executive officers and their controlled companies	904,894	1,389,285
Directors	15,000	154,269
Total	919,894	1,543,554

Balance due from related parties

	As at June 30, 2018	As at December 31, 2017
	\$	\$
Executive officers and their controlled companies	822	18,596
Total	822	18,596

The balances due from related parties are included in receivables.

On January 3, 2018, the Company issued 11,285,513 common shares for settlement of debt in the amount of \$959,269.

Loans

During the year ended December 31, 2014, the Company received a \$24,300 unsecured demand loan from the President of the Company to fund the Company's current working capital requirements. During the year ended December 31, 2015, the Company received additional \$7,200 unsecured demand loan from the President of the Company. During the year ended December 31, 2016, the Company received additional \$14,310, and repaid \$2,200, unsecured demand loan from the President of the Company. During the year ended December 31, 2017, the Company received additional \$17,900, and repaid \$29,605, unsecured demand loan from the President of the Company. During the six months ended June 30, 2018, the Company repaid \$9,000 to the President of the Company. The loan is unsecured, bearing interest at 5% per annum, calculated and payable on demand. The Company may repay the principal, in whole or in part, at any time without penalty.

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During the year ended December, 2015, the Company received a \$50,000 loan from an arm's length party. The loan is unsecured, bearing interest at 10% per annum, calculated and payable on demand. The Company may repay the principal, in whole or in part, at any time without penalty.

Effective January 1, 2016, all loans, except for the loans received from the President of the Company, ceased to accrue interest.

In February 2014, the \$2,300,000 convertible debenture held by Procon (plus approximately \$175,000 in accrued interest), was repaid in full and discharged using funds advanced to Lincoln through unsecured, non-convertible loans from companies controlled by two former directors of Lincoln (the "Loans"). The Loans bear interest at a rate of 6% per annum, payable monthly commencing April 1, 2014 for a term of five years at which point the principal amount owing under the Loans is due. Concurrent with the transaction, the two directors resigned from the Company. Effective January 1, 2016, the Loans ceased to accrue interest. Accrued interest on these Loans at June 30, 2018 was \$Nil (December 31, 2017 - \$Nil).

During the year ended December 31, 2014, the Company received advances pursuant to a promissory note of \$1,029,000 from Golden Dreams Limited Partnership ("GDLP"), the general partner of which is Mr. Ronald K. Netolitzky, a control person of the Company at the time. The advances were unsecured and did not bear interest until November 2014. In October 2014, the Company issued 6,860,000 common shares at a value of \$0.15 per share to settle the debt of \$1,029,000. The Company also received advances of \$425,000 from Mr. Ronald K. Netolitzky. During the year ended December 31, 2016, the Company received additional \$15,000. The advances are unsecured non-interest bearing and due on demand.

During the year ended December 31, 2015, the Company received loans totaling CDN\$100,000 (\$50,000 of which was received from an insider) and US\$66,000 from Eros Resource Corp., a company with an insider in common with Lincoln (see news releases dated August 10 and 24, 2015 for details). During the year ended December 31, 2017, the existing promissory note was terminated and both parties subsequently entered into a new promissory note agreement consisting of the existing principal and interest in the aggregate amount of US\$71,000. The loan is secured by the Company's US properties and evidenced by a promissory note bearing interest at 9% per annum. Principal and accrued interest was payable upon termination of the note on September 15, 2017. On January 3, 2018, the Company issued 643,441 common shares for settlement of debt in the amount of \$32,172. The Company is currently in default of this note and is renegotiating the terms of the note.

During the year ended December 31, 2016, the Company received \$6,527 from a company with certain directors in common. The loan is unsecured, non-interest bearing and due on demand.

On June 9, 2017, the Company completed a debt settlement agreement (the "Settlement") with two former directors of the Company (the "Creditors") with respect to outstanding debt (including principal and interest) totaling \$4,033,795, of which \$1,298,352 was included in loans payable and \$2,735,443 was included in promissory notes payable. Under the terms of the Settlement, the Creditors were issued an aggregate of 929,496 common shares of the Company and 16 million special warrants (the "Special Warrants"). Each Special Warrant may be exercised for only fully paid and non-assessable common share (a "Special Warrant Share") in the capital of the Company without payment of additional consideration for a period of 10 years from the date of issue. The common shares and Special Warrants issued resulted in a gain on settlement of debts of \$3,018,025.

Other transactions with related parties

During the six months ended June 30, 2018, the Company received \$17,010 (2017 - \$16,200) from Golden Band Resources Inc., a company with certain officers and directors in common, for office rent.

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6. Liquidity and Solvency

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

	June 30, 2018	December 31, 2017
	\$	\$
Working capital (deficiency)	(1,617,592)	(2,900,170)
Long-term debt	85,592	81,543
	Six months ended June 30, 2018	Six months ended June 30, 2017
	\$	\$
Cash used in operating activities	(878,593)	(415,300)
Cash used in investing activities	(32,153)	-
Cash provided by financing activities	988,750	530,096
Change in cash	78,004	114,796

On January 26, 2018, the Company closed a non-brokered private placement. The Company issued a total of 13,421,904 units at a price of \$0.05 per unit for total gross proceeds of \$671,095. Each unit is comprised of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.08 per share until April 22, 2022. The Company paid \$6,250 in cash commissions.

On February 20, 2018, the Company closed a non-brokered private placement. The Company issued a total of 1,420,000 units at a price of \$0.05 per unit for total gross proceeds of \$71,000. Each unit is comprised of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.08 per share until April 26, 2022.

On May 30, 2018, the Company closed a non-brokered private placement. The Company issued a total of 6,000,000 units at a price of \$0.05 per unit for total gross proceeds of \$300,000. Each unit is comprised of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.08 per share until April 26, 2022.

On August 24, 2018, the Company received US\$50,000 from Dragon Hill Creation Limited. The loan is unsecured and evidenced by a promissory note bearing interest at 10% per annum, calculated and payable on the termination date of the promissory note being June 30, 2019. The Company may prepay the principal, in whole or in part, at any time without penalty.

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

7. Commitment

During the year ended December 31, 2015, the Company signed a new office lease effective October 1, 2015 in the amount of \$4,642 per month plus escalation for a period of three years. In April 2018, the Company extended the lease for another 3 years for similar rates.

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8. Capital Resources

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

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

Capital risk management

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

9. Off-Balance Sheet Arrangements

None.

10. Proposed Transactions

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

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

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

Changes in Accounting Standards

The Company adopted IFRS 9, which replaced IAS 39 – Financial Instruments: Recognition and Measurement, in its consolidated financial statements beginning January 1, 2018.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities, however it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

Under IFRS 9 there are three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and lost ("FVTPL"). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

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IFRS replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The adoption of IFRS 9 did not have a material impact on the Company's consolidated financial statements.

New standards and interpretations not yet adopted

IFRS 16 – Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is in the process of assessing the impact of this pronouncement. The extent of the impact has not yet been determined.

Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Company's title on mineral property interests

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

Income taxes

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

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

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12. Financial Instruments

Categories of financial instruments

	June 30, 2018	December 31, 2017
	\$	\$
Financial assets *		
<i>Loans and receivables</i>		
Cash	99,903	21,899
Other receivables	45,652	32,504
	145,555	54,403
Financial liabilities		
Current		
<i>Amortized at cost</i>		
Accounts payable and accrued liabilities	237,109	847,054
Due to related parties	919,894	1,535,554
Loans payable	78,974	86,305
Promissory notes	580,242	604,810
Non-current		
<i>Amortized at cost</i>		
Promissory notes	-	-
	1,816,219	3,073,723

* Sales taxes recoverable do not represent financial instruments and are excluded from the analysis

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Fair value

The carrying value of cash, other receivables, accounts payable and accrued liabilities, due to related parties, loans payable, and promissory notes approximated their fair value because of the relatively short-term nature of these instruments.

Foreign exchange risk

The Company's operations in the United States expose the Company to foreign exchange risk. The Company is subject to currency risk due to the fluctuations of exchange rates between the Canadian and US dollars. The Company does not believe it is exposed to significant foreign exchange risk. A 10% fluctuation in the foreign exchange rate between the Canadian and US dollar will result in a foreign exchange gain/loss of approximately \$16,000. The Company does not enter into derivative financial instruments to mitigate foreign exchange risk.

Credit risk

The Company is not exposed to material credit risk.

Interest rate risk

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

Liquidity risk

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

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Price risk

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

13. Risks and Uncertainties

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

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

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

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

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

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

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

14. Trends

Trends in the industry can materially affect how well any junior exploration company is performing. There are two trends that seem to affect the well-being of junior miners. One is the price of commodities, which are being produced and the other is the general market condition. Over the last few years the trend in the prices of precious metals, in particular gold, has been mixed on the spot basis as well as the average trailing prices of the metals. The gold price seemed to have stabilized around \$1300 per ounce over the last couple of years, but in the last year or so the trend has been mixed downward. The other aspect is the general stock market conditions. Unfortunately, the junior mining sector has been under tremendous negative pressure in the market over the last few years however this condition appears to be changing and is difficult to predict as markets for junior issuers has been up and down over the last year. Significant amounts of investing have occurred in the marijuana and blockchain areas which has taken away from investment in the junior mining industry. Management believes that the markets will continue to improve for the juniors. Lincoln is committed to advance its properties to production as quickly as possible to get into a positive cash flow position.

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15. Outlook

The outlook for precious metals prices appears to be mixed on the short term but depending on economic conditions world-wide and world events this could change especially as it relates to interest rate changes in the U.S. Lincoln will require significant investment as it transitions into development stage projects. Staff and contractor requirements are expected to increase as Lincoln fast-tracks these properties to production. Lincoln management's objective is to become a new junior gold-silver producer in the United States, where there is no threat to mineral tenure or repatriation of mining profits.

Cautionary Statement

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration plans and our other future plans and objectives are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, (i) estimates of exploration investment and scope of exploration programs, and (ii) estimates of stock-based compensation expense. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statement. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date of statements are made, and the Company endeavours to update corporate information and material facts on a timely basis. Forward-looking statements are subject to risks, uncertainties and other actors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks.