

LINCOLN MINING CORPORATION
(FORMERLY LPT CAPITAL LTD.)
(An Exploration Stage Company)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars, unless otherwise stated)
(UNAUDITED)

For the six month periods ended
June 30, 2010 and 2009

NOTICE TO READER

These unaudited interim consolidated financial statements for the second financial quarter ended June 30, 2010 have been prepared by Lincoln Mining Corporation's (formerly LPT Capital Ltd.) management in accordance with accounting principles generally accepted in Canada, consistent with previous years except for the adoption of any new accounting policies described in Note 4.

These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2009.

LINCOLN MINING CORPORATION
(FORMERLY LPT CAPITAL LTD.)
(An Exploration Stage Company)
Interim Consolidated Balance Sheets
(Expressed in Canadian dollars, unless otherwise stated)
June 30, 2010 and December 31, 2009

	Jun 30 2010 (Unaudited)	Dec 31 2009 (Audited)
ASSETS		
Current		
Cash	\$ 3,482,460	\$ 1,761,227
Receivables	25,190	28,681
Due from related parties (Note 12)	-	66,900
Prepaid expenses and deposits	118,171	98,454
	<u>3,625,821</u>	<u>1,955,262</u>
Mineral property interests (Note 7d)	1,833,153	63,153
Equipment (Note 6)	23,165	28,828
Deposits	44,678	37,684
	<u>\$ 5,526,817</u>	<u>\$ 2,084,927</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 160,016	\$ 354,275
Notes payable (Note 8c)	54,592	52,098
	<u>214,608</u>	<u>406,373</u>
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 9)	15,426,050	10,260,774
Contributed surplus (Note 9)	2,263,411	1,836,778
Accumulated other comprehensive income (loss)	(12,990)	(12,990)
Deficit	<u>(12,364,262)</u>	<u>(10,406,008)</u>
	<u>5,312,209</u>	<u>1,678,554</u>
	<u>\$ 5,526,817</u>	<u>\$ 2,084,927</u>

Continuance of operations (Note 2)
Commitments (Note 17)

On behalf of the Board:

"Paul Saxton" Director "Andrew Milligan" Director
Paul Saxton Andrew Milligan

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

LINCOLN MINING CORPORATION
(FORMERLY LPT CAPITAL LTD.)
(An Exploration Stage Company)
Interim Consolidated Statements of Operations, Comprehensive Loss and Deficit
(Expressed in Canadian dollars, unless otherwise stated)
Periods Ended June 30, 2010 and 2009

	Three Months Ended Jun 30 2010 (Unaudited)	Three Months Ended Jun 30 2009 (Unaudited)	Six Months Ended Jun 30 2010 (Unaudited)	Six Months Ended Jun 30 2009 (Unaudited)
EXPLORATION EXPENSES (Note 7)	\$ 432,113	\$ 9,727	\$ 1,097,043	\$ 6,800
ADMINISTRATIVE EXPENDITURES				
Administrative support	34,291	9,071	68,551	22,985
Amortization	2,800	1,356	5,663	2,711
Consulting fees	77,523	11,845	148,931	23,469
Foreign exchange	(43,994)	(3,815)	(54,034)	(28,547)
Interest expense on debt	998	77,274	2,494	155,141
Investor relations	76,686	13,355	108,778	26,962
Management fees	27,000	17,500	54,000	35,000
Office	51,976	12,605	93,457	24,627
Professional fees	36,823	(5,987)	72,725	82,470
Regulatory and shareholder services	7,102	3,172	24,841	13,216
Stock-based compensation	137,095	-	277,268	-
Travel and entertainment	50,163	10,589	68,662	10,989
LOSS BEFORE OTHER ITEMS	(890,576)	(156,692)	(1,968,379)	(375,823)
OTHER ITEMS				
Interest income	1,070	-	2,064	-
Gain on settlement of debt	-	-	8,061	-
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(889,506)	(156,692)	(1,958,254)	(375,823)
DEFICIT, beginning of period	(11,474,756)	(8,481,324)	(10,406,008)	(8,262,193)
DEFICIT, end of period	\$(12,364,262)	\$ (8,638,016)	\$(12,364,262)	\$(8,638,016)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.01)	\$ (0.00)	\$ (0.03)	\$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	70,366,259	55,517,275	65,736,219	55,454,983

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

LINCOLN MINING CORPORATION
(FORMERLY LPT CAPITAL LTD.)
(An Exploration Stage Company)
Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars, unless otherwise stated)
Periods Ended June 30, 2010 and 2009

	Three Months Ended Jun 30 2010 (Unaudited)	Three Months Ended Jun 30 2009 (Unaudited)	Six Months Ended Jun 30 2010 (Unaudited)	Six Months Ended Jun 30 2009 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	\$ (889,506)	\$ (156,692)	\$ (1,958,254)	\$ (375,823)
Items not affecting cash:				
Amortization	2,800	1,356	5,663	2,711
Shares issued for mineral properties	-	6,000	-	6,000
Stock-based compensation	137,095	-	277,268	-
Interest expense	998	76,663	2,494	154,530
Gain on settlement of debt	-	-	8,061	-
Unrealized foreign exchange	-	(12,035)	-	(9,355)
Changes in non-cash working capital items:				
Decrease (increase) in receivables	(9,336)	7,929	3,491	4,856
Decrease (increase) in prepaids and deposits	(28,140)	(1,751)	(26,711)	(1,076)
(Decrease) increase in accounts payable and accrued liabilities	(47,144)	(4,051)	(202,320)	141,151
Net cash used in operating activities	<u>(833,233)</u>	<u>(82,581)</u>	<u>(1,890,308)</u>	<u>(77,006)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Shares issued for cash	3,989,447	-	3,989,447	-
Share issue costs	(444,806)	-	(444,806)	-
Proceeds from advances and notes payable	-	65,000	-	88,071
Net cash provided by financing activities	<u>3,544,641</u>	<u>65,000</u>	<u>3,544,641</u>	<u>88,071</u>
CASH FLOWS FROM INVESTING ACTIVITY				
Decrease in due from related parties	19,404	-	66,900	-
Net cash provided by investing activity	<u>19,404</u>	<u>-</u>	<u>66,900</u>	<u>-</u>
CHANGE IN CASH DURING THE PERIOD	2,730,812	(17,581)	1,721,233	11,065
CASH, beginning of period	751,648	30,199	1,761,227	1,553
CASH, end of period	<u>\$ 3,482,460</u>	<u>\$ 12,618</u>	<u>\$ 3,482,460</u>	<u>\$ 12,618</u>
Interest paid in cash	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid in cash	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Supplemental disclosure with respect to cash flows (Note 15)

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

LINCOLN MINING CORPORATION
(FORMERLY LPT CAPITAL LTD.)
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise stated)
Periods Ended June 30, 2010 and 2009

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

On January 15, 2009 and July 8, 2009, Lincoln Gold Corporation (“LGC”) and LPT Capital Ltd (“LPT”) entered into an arrangement agreement whereby 0843037 BC Ltd., a subsidiary of LPT, would amalgamate with LGC and in return, LPT would issue to LGC’s shareholders 23,204,089 LPT shares. On February 18, 2009, LGC’s shareholders approved and completed its continuation from federal jurisdiction to British Columbia and also approved the transaction with LPT. On February 20, 2009 the Supreme Court of British Columbia entered its final order approving the plan of arrangement. The completion of the transaction occurred in August 2009 in conjunction with LPT completing an equity financing raising gross proceeds of \$4,973,360. Upon completion of the transaction, LPT changed its name to Lincoln Mining Corporation. The transaction was treated as a reverse takeover (“RTO”) acquisition of LPT by LGC and was treated as a capital transaction by LGC. Accordingly, the comparative financial information presented is that of LGC as the acquirer for accounting purposes. The activities of LGC from its inception and LPT from the date of its acquisition are collectively referred to as the Company (see also Note 5).

The Company is engaged in the acquisition and exploration of mineral properties, with the primary aim of developing properties to a stage where they can be exploited for a profit. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

2. CONTINUANCE OF OPERATIONS

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) applicable to a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of operations. At June 30, 2010, the Company had no source of operating cash flow, had an accumulated deficit of \$12,364,262 since its inception, and had positive working capital of \$3,411,213.

The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned work programs on its mineral properties, meet its ongoing levels of corporate overhead and commitments, keep its properties in good standing and discharge its liabilities as they come due. Funding for operations is obtained primarily through public and private share offerings and debt financing. Management recognizes that the Company will need to raise additional funds to complete the development phase of its programs and, while it has been successful in doing so in the past, there can be no assurance that it will be able to continue to do so in the future. If the Company is unable to continue to raise additional financing, the Company will be required to curtail operations and exploration activities.

Management is continuing to focus efforts on obtaining further financing and believes that the Company will be able to continue to raise additional funds. Realization values may be substantially different from the carrying values as presented in the unaudited interim consolidated financial statements should the Company be unable to continue as a going concern. It is management’s opinion that all adjustments considered necessary for fair presentation of the results for the periods presented have been reflected in these unaudited interim consolidated financial statements.

3. BASIS OF PRESENTATION AND ADOPTION OF ACCOUNTING POLICIES

The unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada. They do not include all information and disclosures required for annual financial statements and therefore should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2009.

The accounting policies followed by the Company are set out in Note 3 to the audited consolidated financial statements for the year ended December 31, 2009, and have been consistently followed in the preparation of these unaudited interim consolidated financial statements.

Where applicable, comparative figures have been reclassified to conform with the presentation used in the current period.

4. NEW ACCOUNTING STANDARDS

Accounting standards not yet adopted

(a) Business combinations, non-controlling interest and consolidated financial statements

In January 2009, the CICA issued Handbook Section 1582, *Business Combinations*, 1601, *Consolidated Financial Statements* and 1602, *Non-controlling Interests* which replace CICA Handbook Sections 1581, *Business Combinations* and 1600, *Consolidated Financial Statements*. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination standard under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this Section is permitted and all three Sections must be adopted concurrently.

(b) International financial reporting standards ("IFRS")

In addition to the above new accounting pronouncements the Canadian Accounting Standards Board ("AcSB") in 2006 published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over a five-year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-accountable enterprises to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences on recognition, measurement and disclosures. While the effects of adopting IFRS have not yet been fully determined, the Company has identified a number of key areas which are likely to be impacted by changes and additional disclosure. The Company does not currently expect any significant changes to its accounting policies.

LINCOLN MINING CORPORATION
(FORMERLY LPT CAPITAL LTD.)
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise stated)
Periods Ended June 30, 2010 and 2009

5. RECAPITALIZATION

Effective August 18, 2009, LPT and LGC completed an arrangement whereby LGC was acquired by LPT and became a wholly-owned subsidiary of LPT through a merger with a subsidiary of LPT. Pursuant to this arrangement the following occurred on the completion of the transaction:

- a) Outstanding shares of LPT of 6,000,000 were consolidated to 4,000,000
- b) Each shareholder of LGC received 0.31 shares of LPT for each LGC share held, resulting in the issuance of 23,204,089 shares
- c) All outstanding LGC and LPT options were cancelled
- d) LGC warrants were exchanged on the same ratio as the shares, resulting in the issuance of 2,085,979 warrants
- e) LPT changed its name to Lincoln Mining Corporation.

As a result of the arrangement, the former shareholders of LGC were considered to have acquired control of the combined entity. Accordingly, the transaction was treated as a reverse takeover transaction ("RTO") whereby the acquisition of LPT by LGC and was treated as a capital transaction by LGC. The net assets assumed by LGC under this recapitalization are as follows:

Cash	\$ 56,488
Advances to LGC	104,570
Accounts payable and accrued liabilities	<u>(49,206)</u>
	<u>\$ 111,852</u>

The financial statements include the financial position and results of operations of LGC, as well as LPT, commencing on August 18, 2009, which is the date LGC acquired LPT. Costs incurred relating to the RTO in excess of cash assumed on the recapitalization of \$431,917 have been expensed as incurred.

6. EQUIPMENT

	Cost	Accumulated Amortization	Jun 30, 2010 Net Book Value
Computer equipment	\$ 8,746	\$ 7,505	\$ 1,241
Computer software	1,345	1,345	-
Mining equipment	11,804	8,828	2,976
Office equipment	5,400	4,035	1,365
Vehicles	22,211	4,628	17,583
	<u>\$ 49,506</u>	<u>\$ 26,341</u>	<u>\$ 23,165</u>

	Cost	Accumulated Amortization	Dec 31, 2009 Net Book Value
Computer equipment	\$ 8,746	\$ 6,826	\$ 1,920
Computer software	1,345	1,345	-
Mining equipment	11,804	7,028	4,776
Office equipment	5,400	3,628	1,772
Vehicles	22,211	1,851	20,360
	<u>\$ 49,506</u>	<u>\$ 20,678</u>	<u>\$ 28,828</u>

LINCOLN MINING CORPORATION
(FORMERLY LPT CAPITAL LTD.)
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise stated)
Periods Ended June 30, 2010 and 2009

7. MINERAL PROPERTY INTERESTS

The Company's mineral property interests are comprised of properties located in the United States and in Mexico. During the period ended June 30, 2010, the Company incurred exploration expenditures as follows:

	United States			Mexico	Total
	Hannah	Pine Grove	Oro Cruz	La Bufa	
Exploration and related expenditures					
Option, lease and advance royalty payments	\$ -	\$ 25,965	\$ 52,630	\$ -	\$ 78,595
Claimstaking	-	-	901	-	901
Contractors	426	74,952	48,036	102,447	225,861
Drilling and metallurgical	-	406,877	-	-	406,877
Field supplies	-	5,218	1,776	5,562	12,556
General administration	-	-	-	16,785	16,785
Geochemistry	-	-	-	5,622	5,622
Land maintenance	254	45,470	14,351	9,413	69,488
Permitting environment	965	23,352	17,953	-	42,270
Property evaluations	-	59,729	53,733	-	113,462
Surveying	-	6,606	122	78,657	85,385
Travel and accommodation	-	753	10,622	25,146	36,521
Vehicle operating	-	2,720	-	-	2,720
Total mineral property expenditures	\$ 1,645	\$ 651,642	\$ 200,124	\$ 243,632	\$ 1,097,043

During the period ended June 30, 2009, the Company incurred exploration expenditures as follows:

	United States			Mexico	Total
	Hannah	Pine Grove	Other	La Bufa	
Exploration and related expenditures					
Option, lease and advance royalty payments	\$ 13,860	\$ -	\$ -	\$ 6,000	\$ 19,860
Contractors	1,816	7,824	560	18,289	28,489
Drilling and metallurgical	-	362	-	-	362
General administration	-	-	-	12,884	12,884
Land maintenance	-	2,993	-	4,614	7,607
Permitting	-	13,556	-	-	13,556
Field supplies	-	8	-	2,275	2,283
Travel and accommodation	264	2,406	-	-	2,670
Refund of reclamation bond	-	-	(6,720)	-	(6,720)
Proceeds from option agreement	(18,900)	-	-	-	(18,900)
Refund of IVA - Mexico	-	-	-	(55,291)	(55,291)
Total mineral property expenditures	\$ (2,960)	\$ 27,149	\$ (6,160)	\$ (11,229)	\$ 6,800

7. MINERAL PROPERTY INTERESTS (CONT'D)

United States

(a) Hannah Property, Nevada

In fiscal 2003, the Company entered into an option agreement to acquire a 100% interest in certain unpatented lode claims situated in Churchill County, Nevada, USA. The option agreement called for net smelter royalties ("NSR") of 1% to 4% upon production. Pursuant to the option agreement, the Company is required to make option payments totaling US\$210,000 in stages to January 2013, of which a total of US\$56,000 was paid to June 30, 2010.

In February 2009, the Company entered into an option agreement with Enexco International Inc. ("Enexco"), whereby Enexco could earn a 60% interest in the Hannah property by completing a work program and making certain payments.

In November 2009, Enexco gave notice to the Company of their intent to terminate the option agreement. Also, in November 2009, the Company sent its notification to terminate its underlying lease agreement.

(b) 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.

- 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 must 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 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 (Year 1 and 2 paid; Year 3 was paid subsequent to the period in July 2010).
- 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.

LINCOLN MINING CORPORATION
(FORMERLY LPT CAPITAL LTD.)
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise stated)
Periods Ended June 30, 2010 and 2009

7. MINERAL PROPERTY INTERESTS (CONT'D)

(b) Pine Grove Property, Nevada (CONT'D)

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

The following lease payments must be made by the Company:

- US\$10,000 upon signing the agreement (paid) and
- US\$25,000 prior to each one year anniversary of the lease (Years 1, 2 and 3 paid).

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

The following work commitments must be made by the Company:

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

Upon commencement of production the Company must pay an NSR of 3% - 7% based on gold prices. 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.

Subsequent to June 30, 2010 the Company entered into an amending lease agreement ("Amending Agreement") with Lyon Grove LLC on its Wilson Property. The Amending Agreement, amongst other things, changes the sliding scale NSR of 3 - 7% currently applicable in respect of any future production from the Wilson Property, to a fixed NSR at a reduced rate of 2.5%. As consideration for the royalty reduction, Lyon Grove was paid US \$150,000 cash and 500,000 common shares in the capital of the Company following receipt of requisite approval of the transaction from the TSX Venture Exchange (the "TSX-V") and is to be paid an additional US \$150,000 within one year thereafter.

Also subsequent to June 30, 2010 the Company and its wholly owned subsidiary Lincoln Gold US Corp ("Lincoln US") entered into a purchase agreement for Lincoln US to acquire 10 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 will receive a total of US \$650,000 and 400,000 common shares in the capital of the Company as follows:

On closing	\$250,000	and	150,000 shares
August 23, 2011	\$150,000	and	150,000 shares
August 23, 2012	\$150,000	and	100,000 shares
August 23, 2013	\$100,000		

7. MINERAL PROPERTY INTERESTS (CONT'D)

(b) Pine Grove Property, Nevada (CONT'D)

iii) (CON'TD)

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. The balance of the payments indicated above following closing will be secured against the Cavanaugh property.

The addition of the Cavanaugh property completes the acquisition of all claims within the area of the Pine Grove project. The claims will allow the Company to plan its open pit mine designs and the design of the operation in general. The Cavanaugh property includes certain water rights which are expected to provide the Company with a large part of the water requirements needed for production purposes. As well, the Cavanaugh property has significant exploration potential. Closing of this transaction remains subject to approval of the TSX-V.

(c) 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 \$200,000 US per year in the 7th year. The required payment for 2010 of US \$50,000 has been incurred. 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.

Mexico

(d) La Bufa Property, Chihuahua

In August 2005, the Company entered into a Letter of Intent with Almaden Minerals Ltd. ("Almaden") to form a joint venture for the exploration and development of the La Bufa property, located in Chihuahua, Mexico. Under the Letter of Intent, the Company may acquire a 51% interest in the La Bufa property by spending US\$2,000,000 on the property over four years and by issuing 350,000 shares of the Company to Almaden over a five year period (50,000 shares issued at a value of US\$10,000 on March 15, 2006). The Company issued 60,000 shares, valued at US\$9,600 on April 16, 2007.

In April 2007, the Company entered into an option agreement with Almaden to acquire a 60% interest in the La Bufa property, which replaced the prior Letter of Intent. The agreement called for the Company to undertake a work program on the property aggregating US\$3,500,000 and issuing an aggregate of 1,550,000 shares (550,000 shares issued to December 31, 2009) on or before April 12, 2011.

In November 2009, the Company reached an agreement with Almaden to purchase 100% of the La Bufa property. In February 2010, the Company concluded the agreement to purchase 100% of the La Bufa property. The agreement supercedes all prior agreements with Almaden. The Company purchased the 100% interest by issuing 6,000,000 common shares, valued at \$1,770,000, to Almaden and granting a 2% NSR on all future production from La Bufa. The \$1,770,000 was capitalized as mineral property acquisition costs as at June 30, 2010. The Company has the option to buy down 1% of the NSR within one year following the decision to place the property into production, for a price to be determined at that time.

7. MINERAL PROPERTY INTERESTS (CONT'D)

(d) La Bufa Property, Chihuahua (CONT'D)

El Chapito

In September 2009, the Company entered into a purchase and sale agreement to acquire certain claims located contiguous to the La Bufa property for US\$60,000, of which US\$55,000 was paid on execution of the agreement and the remainder was paid on completion of the conveyance of title. The claims are considered to be included in the La Bufa property. The US\$60,000 (\$63,153) was capitalized as mineral property acquisition costs as at December 31, 2009.

8. LOANS AND NOTES PAYABLE

a) Loan payable

In November 2008, the Company received loan proceeds of US\$50,000 bearing an interest rate of 10% per annum, calculated and compounded monthly that was to be repaid on the earlier of: (i) the closing of a financing, (ii) the closing of the LPT transaction, or (iii) April 15, 2009. In fiscal 2008, the Company issued 100,000 common shares pursuant to this agreement as a financing cost, valued at \$2,000. In August 2009, the Company repaid this loan.

As at December 31, 2009 and June 30, 2010 there is no outstanding loan payable.

b) Convertible loans from related parties

i) In March 2008, the Company borrowed convertible loan proceeds of \$75,000. The Company also entered into a general security agreement ("GSA") whereby the loan was secured by way of general charge over the Company's assets. The Company agreed to repay the principal and interest upon completing a financing of more than \$500,000.

The principal amount bore interest at 8% per annum, compounded weekly for the first two weeks, and thereafter at the rate of 24% per annum compounded weekly, payable following the repayment of the principal. At any time that the principal and interest shall remain outstanding, the lender had the right to convert such principal and interest to shares of common stock of the Company at a rate of \$0.20 per share. The Company also issued 37,500 share purchase warrants in relation to this convertible loan, with each warrant entitling the lender to purchase one common share of that Company at \$0.25 per share for a period of two years. The fair value of the warrants was estimated to be \$2,479 and has been treated as a transaction cost.

The fair value of the warrants of \$2,479 was estimated using the Black Scholes option pricing model with the following assumptions: i) expected volatility of 93.5%; risk free interest rate of 2.6%; iii) expected weighted average life of 6 months; and iv) no dividend yield. The Company determined that the equity component of the convertible loan was not significant.

In December 2008, a director of the Company paid out the convertible loan indebtedness of \$75,000 plus accrued interest of \$20,047 totalling \$95,047 in return for the assignment of that debt. As part of such payout the third party's general security agreement over the Company's assets was discharged. The \$95,047 debt was unsecured and accrued interest at a rate of 5% per annum (See below iii).

8. LOANS AND NOTES PAYABLE (CONT'D)

b) Convertible loans from related parties (CONT'D)

ii) During the year ended December 31, 2008, the Company received convertible loan proceeds of \$181,000 from the CEO. The principal amount bore interest at 5% per annum, and had no specific term of repayment. At any time that the principal and interest remained outstanding, the lender had the right to convert such principal and interest to shares of common stock of the Company at a rate equal to the average trading price of the stock over the last five days prior to conversion. It was determined that the equity component of the convertible loan was not significant. In August 2009, pursuant to a debt settlement agreement, the debt was settled through the issuance of 3,420,000 shares valued at \$171,000 and a cash payment of \$10,000. Accrued interest of \$11,245 was forgiven and recorded as a gain on settlement of debt.

iii) During the year ended December 31, 2008, the Company received further convertible loan proceeds of \$154,047 from a director of the Company of which \$95,047 related to the assumption of convertible loan indebtedness noted above in i). The loans bore interest at a rate of 5-10%. At any time that the principal and interest remained outstanding, the lender had the right to convert such principal and interest to shares of common stock of the Company at a rate equal to the average trading price of the stock over the last five days prior to conversion. It was determined that the equity component of the convertible loan was not significant. In August 2009, pursuant to a debt settlement agreement, the debt was settled through the issuance of 1,180,000 shares valued at \$59,000 and a cash payment of \$95,047. Accrued interest of \$7,764 was forgiven and recorded as a gain on settlement of debt.

As at December 31, 2009 and June 30, 2010 there are no outstanding convertible loans from related parties.

c) Notes payable

In January 2004, the Company issued a US\$200,000 convertible note. The note carried an interest rate of 10% compounded monthly and was due on January 28, 2006. On September 15, 2005 the Company completed an agreement whereby the Company repaid US\$100,000 of the convertible note along with US\$35,000 accrued interest and agreed to repay the remaining US\$100,000 within sixty days. With the completion of the first payment the conversion feature was cancelled. In August 2009, pursuant to a debt settlement agreement, the debt was settled through the issuance of 1,000,000 shares with a value of US\$50,000 and a cash payment of \$107,770. Accrued interest of \$1,889 was forgiven and recorded as gain on settlement of debt.

In June 2008 the Company issued a promissory note in return for \$300,000. The note bore interest at a rate of 10% per year. The principal and interest were due at the earliest of June 16, 2009 or when the Company completed a financing of \$1,500,000 or greater. In consideration for this loan the Company issued 450,000 shares to the lender. These shares were valued at \$42,750. In August 2009, pursuant to a debt settlement agreement, the principal of the debt was settled through the issuance of 6,000,000 shares with a value of \$300,000. The remaining accrued interest of \$36,424 was paid in full as at December 31, 2009.

LINCOLN MINING CORPORATION
(FORMERLY LPT CAPITAL LTD.)
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise stated)
Periods Ended June 30, 2010 and 2009

8. LOANS AND NOTES PAYABLE (CONT'D)

c) Notes payable (CONT'D)

In August 2008, the Company issued a promissory note in the amount of \$800,000 in return for drilling services accrued in accounts payable. The note was due on demand, any time after February 15, 2009, and accrued interest at 1.5% per month. After demand, the note accrued interest at a rate of 2% per month. In August 2009, pursuant to a debt settlement agreement, the debt was settled through the issuance of 6,000,000 shares with a value of \$300,000 and a cash payment of \$500,000. Accrued interest of \$140,575 was forgiven and recorded as a gain on settlement of debt, while the remaining \$50,000 of accrued interest was paid in full as at December 31, 2009.

In May 2009, the Company received loan proceeds of \$50,000 from two individuals bearing an interest rate of 8% per annum due December 31, 2009. As of June 30, 2010, the loan plus accrued interest of \$54,592 (December 31, 2009 - \$52,098) remain outstanding.

Subsequent to the period, on July 31, 2010 the loans plus accrued interest were paid in full.

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	Number of shares	Share Capital	Contributed Surplus
Authorized - Unlimited number of common shares			
Issued and Outstanding:			
Balance, December 31, 2008	55,392,000	4,276,642	1,670,091
Shares issued for mineral property expenditures	200,000	6,000	-
Shares issued to settle debt	19,259,900	973,593	-
Elimination of LGC shares on RTO (Note 5)	(74,851,900)	-	-
Shares of LPT (post consolidation – Note 5)	4,000,000	111,852	-
Shares issued pursuant to RTO (Note 5)	23,204,089	-	-
Private placement	29,255,057	4,973,360	-
Shares issued for finders fees on private placement	670,588	114,000	-
Share issue costs for finders fees on private placement	-	(114,000)	-
Finders fees on RTO	1,258,333	213,916	-
Share issue costs	-	(294,589)	-
Stock-based compensation	-	-	166,687
Balance, December 31, 2009	58,388,067	\$10,260,774	\$ 1,836,778
Shares issued for mineral property expenditures	6,000,000	1,770,000	-
Private placement	18,133,849	3,989,447	-
Share issue costs	-	(444,806)	-
Share issue costs – broker warrants	-	(149,365)	149,365
Stock-based compensation	-	-	277,268
Balance, June 30, 2010	82,521,916	\$15,426,050	\$ 2,263,411

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS (CONT'D)

During the period ended June 30, 2010, the Company:

- a) Issued 6,000,000 shares, valued at \$1,770,000 pursuant to the La Bufa agreement (Note 7(d)).
- b) Completed a brokered private placement of 12,045,395 and a non-brokered private placement of 6,088,454 totaling 18,133,849 units at a price of \$0.22 per unit for gross proceeds of \$3,989,447. Each unit is comprised of one common share and one half of one non-transferable common share purchase warrant. Each whole purchase warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.35 per share until June 1, 2012.

As compensation, the agent's selling group in the brokered private placement, and certain finders involved in the non-brokered private placement received an aggregate (i) cash commission of 7% of the total proceeds raised and (ii) non-transferable warrants ("Broker Warrants") to acquire common shares of the Company equal to 7% of the total number of units sold. Each such warrant will entitle the holder to acquire one common share of the Company at a price of \$0.35 per share until June 1, 2012. At the closing of the private placement, the Company issued a total of 1,142,415 Broker Warrants and paid a total of \$251,269 in cash commissions.

All securities issued under the private placement are subject to a four month hold period in Canada, expiring on October 2, 2010, in addition to such other restrictions as may apply under applicable securities laws of jurisdictions outside Canada.

During the year ended December 31, 2009, the Company:

- a) Completed an RTO (Note 5), whereby the Company issued 23,204,089 shares. The Company also issued a finders fee of 1,258,333 common shares pursuant to this transaction, with a value of \$213,916.
- b) Concurrent with the RTO, the Company completed a private placement, issuing 29,255,057 units at a price of \$0.17 per unit for gross proceeds of \$4,973,360. Each unit consisted of one share and one-half share purchase warrant, where each whole warrant entitles the holder to purchase one additional common share for \$0.25 for a period of two years. The Company issued 670,588 shares, valued at \$114,000, and paid \$238,101 in cash, as share issue costs pursuant to this transaction.
- c) Issued 200,000 shares, valued at \$6,000 pursuant to the La Bufa option agreement (Note 7(d)).
- d) Issued 19,259,900 shares to settle liabilities of \$973,593, of which 17,600,000 shares settled loans and convertible loans of \$880,000 and 1,659,900 settled accounts payable and accrued liabilities of \$93,593.

Shares held in Escrow:

On completion of the RTO, 5,290,950 shares were subject to an escrow agreement, which provides for the release from escrow of 10% of such escrowed shares on August 18, 2009 and 15% every six months thereafter for a period of thirty-six months. As at June 30, 2010, there were 4,761,855 shares held in escrow.

LINCOLN MINING CORPORATION
(FORMERLY LPT CAPITAL LTD.)
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise stated)
Periods Ended June 30, 2010 and 2009

10. STOCK OPTIONS

The Company's stock option plan provides that the board of directors may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants of the Company, non-transferable options to purchase the Company's shares, provided that the number of the Company's shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of grant. The price of the stock option will not be less than the last closing price of the Company's common shares and the term will not be permitted to exceed five years. Vesting provisions will be as determined by the Board of directors at the time of grant.

The number of stock options outstanding at June 30, 2010 are summarized as follows:

	June 30, 2010		December 31, 2009	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of period	4,300,000	\$ 0.19	2,450,000	US\$ 0.25
Expired or forfeited	-	\$ -	(300,000)	US\$ 0.25
Cancelled	-	\$ -	(2,150,000)	US\$ 0.25
Granted	2,300,000	\$ 0.27	4,400,000	\$ 0.19
Cancelled	-	\$ -	(100,000)	\$ 0.19
Balance, end of period	6,600,000	\$ 0.22	4,300,000	\$ 0.19

As at June 30, 2010 the following options are outstanding:

Number of options	Exercise price	Expiry date
250,000	\$ 0.23	December 11, 2010
250,000	\$ 0.29	January 28, 2011
4,050,000	\$ 0.19	September 29, 2014
300,000	\$ 0.29	January 28, 2015
1,050,000	\$ 0.29	March 3, 2015
700,000	\$ 0.22	June 4, 2015
6,600,000		

As at June 30, 2010, 2,187,500 options (December 31, 2009 – 756,250) are exercisable with a weighted average exercise price of \$0.21 (December 31, 2009 – \$0.20). During the six month period ended June 30, 2010, the Company recorded \$277,268 (June 30, 2009 - \$nil) as stock-based compensation in the results of operations for options vested during the period, with an offset recorded to contributed surplus.

The fair value of the stock options granted was estimated using the Black-Scholes option pricing model assuming a dividend yield of 0.00%, expected volatility of 75.00%, risk free interest rate of 2.15% and an expected life of 3.76 years. The weighted average grant date fair value of the stock options granted was \$0.14 per option.

LINCOLN MINING CORPORATION
(FORMERLY LPT CAPITAL LTD.)
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise stated)
Periods Ended June 30, 2010 and 2009

11. WARRANTS

As at June 30, 2010 the following warrants are outstanding:

Number of warrants	Exercise price	Expiry date
333,250	US\$ 4.33	July 27, 2010
14,627,531	\$ 0.25	August 18, 2011
10,209,338	\$ 0.35	June 1, 2012
<u>25,170,119</u>		

As at June 30, 2010, the share purchase warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2008	9,971,000	\$ 0.31
Cancelled pursuant to RTO (Note 5)	(6,696,000)	0.39
Re-issued pursuant to RTO (Note 5)	2,085,979	1.24
Expired	(4,598,986)	0.26
Issued from private placement	<u>14,627,531</u>	0.25
Balance, December 31, 2009	15,389,524	\$ 0.35
Issued from private placement	10,209,338	0.35
Expired	<u>(428,743)</u>	\$ 0.80
Balance, June 30, 2010	<u><u>25,170,119</u></u>	\$ 0.34

Subsequent to June 30, 2010 the 333,250 warrants exercisable at US \$4.33 have expired.

12. RELATED PARTY TRANSACTIONS

During the six month period ended June 30, 2010, the Company paid or accrued management fees and consulting fees of \$49,923 (June 30, 2009 – \$17,042) and rent, included in office, of \$nil (June 30, 2009 - \$2,163) to the Vice President of Exploration of the Company, management fees of \$54,000 (June 30, 2009 - \$35,000) to a company owned by the President of the Company, consulting fees of \$48,000 (June 30, 2009 - \$7,888) to the CFO of the Company, consulting fees of \$27,682 (June 30, 2009 - \$nil) to the VP of Operations of the Company and consulting fees of \$33,000 (June 30, 2009 - \$nil) to former directors or companies owned by directors.

As at June 30, 2010, the Company owed \$11,982 (December 31, 2010 - \$2,000) to various directors and/or officers of the Company, which is included in accounts payable. During the year ended December 31, 2009, the Company settled accounts payable to a director and officer of \$32,020 through a cash payment of \$7,520 and the issuance of 490,000 shares of LGC.

LINCOLN MINING CORPORATION
(FORMERLY LPT CAPITAL LTD.)
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise stated)
Periods Ended June 30, 2010 and 2009

12. RELATED PARTY TRANSACTIONS (CONT'D)

During the year ended December, 31, 2009, the Company advanced \$81,900 to certain directors and officers to allow them to purchase escrowed common shares of the Company directly from the former escrow shareholders on completion of the RTO (Note 5), of which \$66,900 was repaid during the six month period ended June 30, 2010 (December 31, 2009 - \$15,000) and \$nil (December 31, 2009 - \$66,900) was outstanding as of June 30, 2010.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. See Note 8 for details on related party loans.

13. CAPITAL MANAGEMENT

The Company defines its capital as shareholders' equity. 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 and exploration and development of mineral properties. The Board of Directors do 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 an interest 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. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair value

The carrying value of receivables, due from related parties, accounts payable, accrued liabilities and notes payable approximated their fair value because of the short-term nature of these instruments. Cash, which is classified as held for trading and carried at fair value, has been determined using Level 1 inputs (see Note 4 of the December 31, 2009 audited financial statements).

(b) Foreign exchange risk

The Company's operations in the United States and Mexico expose the Company to foreign exchange risk. The Company is subject to currency risk due to the fluctuations of exchange rates between the Canadian and US dollars, as well as the Canadian dollar and Mexican pesos. At June 30, 2010, approximately 60% of the Company's accounts payable and accrued liabilities and approximately 64% of the Company's cash is denominated in US dollars. The Company's accounts payable and cash denominated in Mexican pesos are negligible. The Company's net monetary position in both US dollars and Mexican pesos is closely monitored and therefore the Company does not believe it is exposed to

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D)

(b) Foreign exchange risk (CONT'D)

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

(c) Credit risk

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company's receivables consist of GST receivable due from the Federal Government of Canada and amounts due from related parties. The Company maintains cash deposits with Schedule A financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

(d) 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. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is subject to any significant interest rate risk.

(e) 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.

(f) 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.

15. SUPPLEMENTAL INFORMATION WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the period ended June 30, 2010 included:

- i) The Company issued 6,000,000 common shares valued at \$1,770,000 pursuant to the La Bufa agreement (Note 7(d)).

There were no significant non-cash transactions for the period ended June 30, 2009.

LINCOLN MINING CORPORATION
(FORMERLY LPT CAPITAL LTD.)
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise stated)
Periods Ended June 30, 2010 and 2009

16. SEGMENTED INFORMATION

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. Geographical information is as follows:

	Jun 30, 2010	Dec 31, 2009
Capital assets:		
Mexico	\$ 1,836,130	\$ 67,929
United States	18,204	21,109
Canada	1,984	2,943
	1,856,318	91,981

17. COMMITMENTS

- a) The Company assumed the remainder of a premises lease, expiring February 2010. In addition, the Company signed a new lease for the period from March 2010 to February 2015. Pursuant to this lease commitment, the Company's minimum annual commitments are as follows:

2010 - \$25,998
2011 - \$53,544
2012 - \$53,853
2013 - \$56,948
2014 - \$57,567
2015 - \$ 9,595

- b) During the year ended December 31, 2009, the Company, in the normal course of business, entered into five employee and consulting agreements expiring in 2014, for the Company's key management positions. The agreements provide for additional payments in the event of severance or change in control.



FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) AS OF JUNE 30, 2010 TO ACCOMPANY THE UNAUDITED FINANCIAL STATEMENTS OF LINCOLN MINING CORPORATION (THE "COMPANY" OR "LINCOLN") FOR THE SECOND QUARTER ENDED JUNE 30, 2010.

This discussion and analysis should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2009 and the notes thereto. 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. 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. See additional comments and discussion under Risks and Uncertainties in this MD&A.

Overview of Second Quarter

The second quarter of 2010 was another very positive one for Lincoln.

In June 2010, the Company closed both a brokered and non-brokered private placement totaling just under \$4 million (see "Liquidity and Solvency" for greater detail).

These funds, together with those on hand, have allowed the Company to advance its projects as follows:

At the Pine Grove property the Company:

- Commissioned a NI 43-101 report on the property's resource estimate;
 - Continued environmental work to support the planned development permit;
 - Amended the lease agreement on the Wilson property (part of the Pine Grove project) changing the net smelter royalty ("NSR") from a sliding scale of 3-7% to a fixed rate of 2.5%;
 - Completed the acquisition of the claims known as the Cavanaugh ground. These claims are strategic for the Pine Grove project not only for its resource potential, but it also provides the property with a water supply;
 - Commenced a scoping study which will provide a preliminary economic assessment of the Pine Grove project.
-

LINCOLN MINING CORPORATION

At the Oro Cruz property the Company:

- Commissioned a NI 43-101 report on the property's resource estimate.

At the La Bufa property the Company:

- Completed a large geophysical survey generating very positive results and identifying three large target areas for future drilling.

Qualifying Transaction (the "Merger")

On October 7, 2008, the Company (formerly LPT Capital Ltd.) entered into a letter agreement with Lincoln Gold Corporation ("Lincoln Gold"), a company incorporated under the Canada Business Corporations Act and a registrant in the United States under the Securities and Exchange Act of 1934 and a reporting issuer in British Columbia, to acquire 100% of the issued and outstanding common shares of Lincoln Gold Corporation ("Lincoln Gold"). Lincoln Gold's common shares traded on the OTCBB in the United States. This acquisition and the transactions related thereto (collectively, the "Acquisition") constituted the Company's Qualifying Transaction. Lincoln Gold, the Company and the Company's subsidiary, 0843037 B.C. Ltd., entered into arrangement agreements, dated January 15, 2009 and July 8, 2009, as amended, (collectively the "Arrangement Agreement") which superseded the letter agreement referred to above.

On August 18, 2009, the Company closed the Merger, which was subsequently accepted by TSX Venture Exchange for filing the Company's Qualifying Transaction described in the Information Circular dated January 19, 2009. As a result, at the opening on August 21, 2009, the Company was no longer considered a Capital Pool Company and the shares of the Company traded under the new symbol "LMG".

Concurrent with the closing of the Merger on August 18, 2009, the Company completed a private placement of units (on a post-consolidated basis) to raise gross proceeds of \$4.97 million, through the issue of 29,255,057 units at a price of \$0.17 per unit. Each unit consists of one post-consolidated common share of the Company and one-half of one warrant, with each whole warrant entitling the holder thereof to purchase one additional common share of the Company at a price of \$0.25 until August 18, 2011. The securities issued under the private placement were subject to a four-month hold period in Canada expiring on December 19, 2009, in accordance with applicable Canadian laws and the policies of the exchange. The Company also settled debt in the amount of \$973,593 through the issue of 19,259,900 shares.

In connection with the closing of the private placement, finders' fees totaling \$232,589 in cash and 670,588 shares of the Company were payable, representing 8 percent of the funds introduced by the finders to the Company.

Prior to the closing of the Merger, the Company completed a share consolidation, effective August 17, 2009, on the basis of one new share for every 1.5 pre-consolidation shares, and changed its name from LPT Capital Ltd. to Lincoln Mining Corporation.

Pursuant to the completion of the plan of arrangement under the Merger, each shareholder of Lincoln Gold as at the close of business on August 17, 2009, was entitled to 0.31 of a post-consolidated share of the Company for each one share of Lincoln Gold. Aggregate consideration payable by the Company was 23,204,089 shares issued to the existing Lincoln Gold shareholders. Effective August 18, 2009, pursuant to the Merger, the Company acquired Lincoln Gold through the amalgamation of 0843037 B.C. Ltd. (a wholly-owned subsidiary of the Company) with Lincoln Gold.

The Company also issued 1,258,333 shares as a finder's fee in connection with the Merger as disclosed in the above noted Information Circular. Subsequent to the Merger, the registration and trading in the United States was cancelled.

Overall Performance and Description of Business

Lincoln is an exploration stage company located at Suite 350 – 885 Dunsmuir Street, Vancouver, BC, V6C 1N5, engaged in the acquisition, exploration and development of mineral properties in the states of Nevada and California, United States and Mexico. The Company is a reporting issuer in British Columbia and Alberta and is a British Columbia corporation.

This is now the ninth year of exploration for Lincoln. In general, exploration activities have resulted in the acquisition of three important projects, the Pine Grove Property in Nevada, U.S.A., the Oro Cruz Property in California, U.S.A. and the La Bufa Property in Chihuahua, Mexico. Over the years, the Company has explored a number of other projects in the western United States. The Company's main performance activities in 2009 were the successful re-organization and financing, settlement of past debt, and the re-commencement of its exploration activities. In the first half of 2010, the Company raised additional funds by way of a private placement and has advanced all three of its projects (see "Project Summaries and Activities" for greater detail).

Results of Operations**Results of Operations – For the six months ended June 30, 2010**

For the six months ended June 30, 2010, the Company incurred a loss of \$1,958,254 (June 30, 2009: \$375,823). Significant expenses included exploration expenses of \$1,097,043 (June 30, 2009: \$6,800); consulting fees of \$148,931 (June 30, 2009: \$23,469 (see also 'Related Party Transactions')); interest expense of \$2,494 (June 30, 2009: \$155,141); professional fees of \$72,725 (June 30, 2009: \$82,470) and stock-based compensation of \$277,268 (June 30, 2009 - \$nil).

During the six months ended June 30, 2010, the Company earned a modest amount of interest income of \$2,064 (June 30, 2009: \$nil) and had a gain on settlement of debt of \$8,061 (June 30, 2009: \$nil).

Results of Operations – For the three months ended June 30, 2010

For the three months ended June 30, 2010, the Company incurred a loss of \$889,506 (June 30, 2009: \$156,692). Significant expenses included net exploration expenses of \$432,113 (June 30, 2009: \$9,727); consulting fees of \$77,523 (June 30, 2009: \$11,845); interest expense of \$998 (June 30, 2009: \$77,274); professional fees of \$36,823 (June 30, 2009: (\$5,987)) and stock-based compensation of \$137,095 (June 30, 2009 - \$nil). During the three months ended June 30, 2010, the Company earned a modest amount of interest income of \$1,070 (June 30, 2009: \$nil).

Summary of Quarterly Results:

2010 Quarterly Results:	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Revenue	\$ -	\$ -	\$ -	\$ -
Net loss	-	-	889,506	(1,068,748)
Basic and diluted loss per share	-	-	(0.01)	(0.02)
Total assets	-	-	5,526,817	2,780,733
Working capital (deficiency)	-	-	3,411,213	616,183
2009 Quarterly Results:	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Revenue	\$ -	\$ -	\$ -	\$ -
Net loss	(1,037,098)	(730,894)	(156,692)	(219,131)
Basic and diluted loss per share	(0.04)	(0.02)	(0.00)	(0.00)
Total assets	2,084,927	3,052,422	204,025	229,139
Working capital (deficiency)	1,548,889	2,421,226	(2,884,842)	(2,735,505)
2008 Quarterly Results:	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Revenue	-	-	-	-
Net loss	\$ (362,007)	\$ (154,656)	\$ (1,355,157)	\$ (831,420)
Basic and diluted loss per share	(0.00)	(0.00)	(0.02)	(0.02)
Total assets	199,450	37,152	83,812	137,457
Working capital (deficiency)	(2,517,729)	(1,981,478)	(1,799,642)	(625,967)

* No exercise or conversion is assumed during the years in which a net loss is incurred, as the effect is anti-dilutive.

Project Summaries and Activities

UNITED STATES

Pine Grove Gold Property, Lyon County, Nevada

Pine Grove is the Company's flagship property and its main exploration and development focus. The property consists of the Wilson deposit and the nearby Wheeler deposit with exploration potential on intervening and surrounding ground. The Company intends to advance the project to production in 2011.

The Pine Grove gold property is located in the Pine Grove Hills, approximately 20 miles south of Yerington, Nevada. Access is excellent from Yerington via State Highway 208 (paved) southward to the East Walker Road (gravel) and then southward to the Pine Grove drainage and then 4 miles westward on a Forest Service dirt road to the property.

Pursuant to an agreement dated July 13, 2007, Lincoln entered into a mining lease with the Wheeler Mining Company, owner of the Wheeler patented millsite and lode claims (private parcels). The lease has a 15 year term with an option to extend the lease for each subsequent year that the parcels are in commercial production. The terms of the agreement include advance royalty payments of US\$10,000 in the first year and US\$30,000 per year in subsequent years and a sliding-scale NSR ranging from 3% at a gold price of US\$450 per oz to 7% at a gold price of US\$701 per oz. Under the terms of this agreement, Lincoln is obligated to deliver a feasibility study by December 31, 2010.

Pursuant to an agreement dated July 25, 2007, Lincoln purchased from Harold Votipka the Harvest lode claim, the Winter Harvest lode claim, and the Harvest fraction lode claim. The purchase price was US\$12,000 and includes a 5% NSR at US\$100,000 per point. 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.

Pursuant to an agreement dated August 1, 2007, Lincoln entered into a mining lease option with Lyon Grove LLC, owner of the Wilson patented claims (private parcels). The lease has a 15 year term and can be extended for ten additional one (1) year terms at Lincoln's option on the condition that Lincoln is conducting exploration, development or mining activities on the property. Lyon Grove LLC also has the option to require Lincoln to purchase their entire interest in the property (except for the royalty described below) for the purchase price of US \$1,000. The terms of this agreement include advance royalty payments of US\$10,000 in the first year, and US\$25,000 per year in subsequent years and a sliding-scale NSR ranging from 3% at a gold price of US\$450 per oz to 7% at a gold price greater than US\$700 per oz. This agreement includes a 6 square mile Area of Interest that includes a 5% NSR payment on any new claims put into production. The Company has recently completed a royalty buy-down agreement with Lyon Grove LLC, effective July 29, 2010, which lowers the NSR on the Wilson patented claims to a fixed 2.5% by paying to Lyon Grove US\$300,000 in two installments and issuing 500,000 shares in the Company. As part of this agreement, the fixed 5% NSR in the Area of Interest will apply only to unpatented lode claims staked by Lincoln and will exempt various other claims acquired by the Company.

In addition to the aforementioned leases and purchases, Lincoln now has located 221 unpatented lode claims under the names of LGUS 1 through 189, LGUS 219 through 221, and LG 190 through 218. Lincoln controls approximately seven square miles in patented and unpatented claims, which encompasses the entire Pine Grove gold district.

Past drilling at Pine Grove includes 190 holes (68,102 ft) drilled by Teck Resources from 1989 to 1992 and four metallurgical core holes (799 ft) drilled by Lincoln in 2008. In January 2009, Lincoln filed an updated NI 43-101 technical report prepared in late 2008 by Minefill Services, Inc. The report utilized past drilling and reported an Inferred resource for the Wilson and Wheeler deposits of over 6 million short tons grading 0.053 opt gold using a cutoff grade of 0.01 opt gold with assays capped at 0.5 opt gold. The Inferred resource contains 320,000 ozs gold.

In the winter of 2009-2010, Lincoln drilled 63 reverse-circulation holes (16,341 ft) in an effort to reaffirm and upgrade existing gold resource categories. A field office was established in Yerington, Nevada to support the drilling program. Drilling results indicate that gold mineralization remains open on the Wilson patent to the

LINCOLN MINING CORPORATION

northeast and southwest. Some new, narrow high-grade gold mineralization was encountered in the Wilson and Wheeler deposits to include:

WILSON DEPOSIT

Hole WL-68	180-185 ft (5 ft) @ 12.950 opt Au
Hole WL-80	200-205 ft (5 ft) @ 0.519 opt Au
	215-220 ft (5 ft) @ 0.385 opt Au
Hole WL-89	180-185 ft (5 ft) @ 0.820 opt Au
Hole WL-97	105-110 ft (5 ft) @ 1.170 opt Au

WHEELER DEPOSIT

Hole WR-104	170-175 ft (5 ft) @ 2.250 opt Au
Hole WR-106	0-5 ft (5 ft) @ 0.638 opt Au
Hole WR-117	55-90 ft (5 ft) @ 2.270 opt Au

Renewed reverse-circulation drilling commenced on July 26, 2010 and is focused on the Wilson and Wheeler deposits. At least 28 holes are planned. The Company has submitted a Plan of Operations to the US Forest Service to drill an additional 38 to 40 reverse-circulation holes, mostly adjacent to the Wilson deposit. This additional drilling is designed to follow known gold mineralization off of the Wilson patent onto adjacent Company lode claims. In support of this planned drilling, the Company has contracted JBR Environmental Consultants in Reno, Nevada to oversee necessary archaeological and biological surveys.

A soil sampling program has been initiated immediately west and north of the Wilson patented claim. The purpose of the survey is to help identify new targets adjacent to known mineralization on the Wilson patented claim. The survey will consist of approximately 850 samples of which 444 have been collected and submitted for assay in July.

Five column leach tests were begun in February 2010 at McClelland Laboratories in Reno, Nevada. Leach material is mineralized core from the Wilson and Wheeler deposits. The five columns are testing 1-1/4 inch and 3/8 inch material. Tests were completed on the various samples after leaching for 141 to 151 days, depending on the individual sample. Column leach test results are pending. Additional metallurgical characterization of the samples is in progress.

A scoping study (preliminary economic assessment) for the Pine Grove property remains underway at Tetra Tech in Golden, Colorado. The study will be compliant with Canadian National Instrument 43-101.

As part of its progress in moving the Pine Grove to production subsequent to June 30, 2010, Lincoln and its wholly owned subsidiary Lincoln Gold US Corp. ("Lincoln US") have entered into a purchase agreement for Lincoln US to acquire 10 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 will receive a total of US \$650,000 and 400,000 common shares in the capital of the Company as follows:

On closing	\$250,000	and	150,000 shares
August 23, 2011	\$150,000	and	150,000 shares
August 23, 2012	\$150,000	and	100,000 shares
August 23, 2013	\$100,000		

The vendors will also retain a 1.5% NSR subject to Lincoln's option to buy down the royalty at a rate of US \$75,000 per one-half percent. The balance of the payments indicated above following closing will be secured against the Cavanaugh property.

The addition of the Cavanaugh property completes the acquisition of all claims within the area of the Pine Grove project. The claims will allow the Company to plan its open pit mine designs and the design of the operation in general. The Cavanaugh property includes certain water rights which are expected to provide the Company with a large part of the water requirements needed for production purposes. As well the Cavanaugh property has significant exploration potential.

LINCOLN MINING CORPORATION

Closing of the transaction remains subject to approval of the TSX Venture Exchange.

There is no assurance that further exploration will result in a final decision that a commercially viable gold deposit exists on the Pine Grove Property. Lincoln anticipates that it will require additional financing in order to fully pursue full property exploration and completion of a feasibility study. There is no assurance that the Company will be able to obtain the necessary financing to bring the project to production.

Oro Cruz Gold Property, Imperial County, California

The Oro Cruz gold property consists of 88 unpatented lode claims located in the Tumco mining district in the Cargo Muchacho Mountains, Imperial County, California. The property falls on lands administered by the U.S. Bureau of Land Management (BLM). Access from nearby Yuma, Arizona is excellent via the I-8 freeway westward to Ogilby Road (paved) and then northward to the Tumco Historic Townsite which falls on a portion of the Oro Cruz Property. Travel time from Yuma is approximately 25 minutes. Access on the property is via dirt BLM roads. Oro Cruz is 14 miles southeast of the Mesquite gold mine (in production; New Gold Inc.) and adjacent to the American Girl gold mine (past producer).

On February 22, 2009, Lincoln entered into a Mining Lease agreement on the Oro Cruz Property with ADGIS, Inc. a Nevada corporation. The agreement covers 20 unpatented lode claims which encompass an open pit with exposed ore-grade mineralization and a decline which intersects ore-grade material below the pit. The term of the agreement is 20 years and so long thereafter Lincoln is conducting exploration, development, mining, or processing of minerals from the property. The agreement includes a NSR of 3% on the first 500,000 ozs of gold produced which increases to 4% thereafter. Minimum advance royalty payments begin with a US\$50,000 payment upon execution of the agreement and escalates annually to a maximum of US\$200,000 upon the seventh anniversary and annually thereafter. Lincoln has the option to buy down the royalty at a rate of US\$500,000 per half percent. The production royalty applies to an Area of Interest of approximately 7 square miles surrounding the core 20 unpatented lode claims.

In anticipation of acquiring the core Oro Cruz 20-acre claim block, Lincoln staked 68 contiguous lode claims in November of 2009. The entire land position encompasses 88 lode claims.

The Tumco Historic Townsite was established in 1996 and restricts the public to foot traffic in the vicinity of the Oro Cruz gold deposit. Mineral entry is still permitted and the BLM has provided Lincoln with a key to the locked gate for access to the Oro Cruz deposit. An Environmental Assessment will likely be required by the BLM to re-establish alternate road access to the deposit area.

Large-scale mining in the Tumco mining district occurred during 1890-1916 and 1932-1941, producing more than 150,000 ozs gold. In the mid 1990's, the property was developed as the "Golden Cross" mine by MK Gold Company as part of the American Girl joint venture. MK Gold produced 61,000 ozs gold in one year from both underground and open-pit operations. Mining ceased in 1996 due to low gold prices. Prior to cessation, MK Gold was in the process of a significant pit wall push back to reach additional in-place "ore." Ore-grade gold mineralization is exposed in the pit and in underground workings.

There are over 400 drill holes in the Oro Cruz Property. In 1999, prior to Canadian securities compliance requirements, gold resources were estimated by Mine Development Associates of Reno, Nevada. Indicated resources were estimated at 3,365,298 short tons grading 0.058 opt gold containing approximately 196,000 ozs gold using a 0.01 opt gold cutoff grade. An additional Inferred resource category at the same cutoff grade was estimated at 2,683,552 short tons with no grade assignment.

The main Oro Cruz gold deposit is an irregular, elongated, tabular zone that dips approximately 25° to the southeast from the open pit floor for at least 1,650 ft. Mineralized thicknesses are variable in multiple tens of feet. Lesser parallel zones of mineralization are present. The property contains 10 exploration targets which remain untested.

In early 2010, Lincoln contracted Atkinson Underground LP ("Atkinson") of Golden, Colorado to open and inspect the underground decline and ventilation shaft system. The inspection has been completed and Atkinson reports that the decline is in good condition and the mine air is excellent. The air and water lines appear to be in usable condition. CAL-OSHA inspectors conducted a courtesy inspection of the underground workings in early 2010 with no negative comments.

LINCOLN MINING CORPORATION

Tetra Tech of Golden, Colorado has been contracted to complete a Canadian National Instrument 43-101 complaint resource estimation using all past assay data from the 400 plus holes drilled. The report is expected in the third quarter of 2010.

Lincoln believes that the Oro Cruz gold property has near-term potential to be expanded and developed into a producing gold mine via open-pit and underground mining.

Mexico

La Bufa Gold-Silver Property, Chihuahua, Mexico

The La Bufa gold-silver property is located in the Sierra Madre Occidental in the far southwestern corner of the State of Chihuahua, Mexico, near the small town and mining district of Guadalupe y Calvo, La Bufa is comprised of four mining concessions totaling 2,311.1 hectares (5,711 acres) which cover much of the northwest-trending zone of mineralization. The Company's concessions surround the El Rosario mine which was discovered in 1836 and where nearly all of the historic gold-silver production was derived. Gammon Gold presently controls the concessions which cover the historic mine.

Lincoln originally held the La Bufa Property under a Joint Venture agreement with Almaden Minerals through their Mexican subsidiary Minera Gavilan, S.A. de C.V. In February 2010, Lincoln acquired 100% interest in La Bufa by issuing to Almaden six million shares and granting to Almaden a 2% NSR on all future production from La Bufa. Lincoln has the option to buy down 1% of the NSR for a price to be independently determined. Also during 2009, Lincoln acquired 100% interest in the 20-hectare El Chapito concession which is an internal claim within the larger La Bufa concession.

The La Bufa Property is an early stage exploration gold- silver property. The key target is an epithermal quartz-breccia vein and stockwork system hosted in "Lower Volcanics." Lincoln has flown the district with aerial photography and has generated high-quality topographic maps for mapping, sampling, drilling and engineering. In 2008, the Company drilled 12 angle core holes for a total of 4,811.85 m. Drilling was focused on the southern portion of the La Bufa Property. The widely spaced holes focused on the El Rosario vein system which extends onto the Company's ground. Encouraging results were received from over 300 m of vein system strike length within 400 m of the El Rosario mine property. Drilling results in the southern area suggest that gold-silver mineralization occurs primarily in the shallower portions of the vein system.

From late 2009 to early 2010, Lincoln completed eight geophysical lines (20,000 m) of induced polarization and resistivity in the unexplored northern portion of the La Bufa concessions. During the course of the survey, new exposures of mineralized structures were discovered in difficult terrain. The geophysical survey yielded strong anomalies. In conjunction with the geophysical work, 234 rock-chip samples were collected and geologic mapping was conducted. Most of the samples were rock-chip grab samples which are somewhat selective and may not represent average grades on the property. Sample spacing was variable, usually in tens of meters, based on the availability of outcrops and physical access. Three major target areas were identified from the geophysical surveys and rock-chip sampling. Geophysical surveys suggest that the targets may extend to depths over 300 meters. Selected anomalous sample results are listed below.

TARGET AREAS	ANOMALOUS GOLD (gpt)	ANOMALOUS SILVER (gpt)
TARGET AREA 1		
"	2.20	978
"	13.3	902
TARGET AREA 1 (cont'd)	0.53	626
	0.39	434
"	21.5	193

LINCOLN MINING CORPORATION

TARGET AREAS	ANOMALOUS GOLD (gpt)	ANOMALOUS SILVER (gpt)
“	0.25	180
“	0.32	164
“	-	38.6
“	-	22.4
“	-	21.1
“	20.0	16.7
“	0.236	13.5
“	-	11.3
“	0.191	9.1
“	0.302	8.9
“	0.360	7.8
“	-	7.1
“	-	6.6
“	-	6.6
“	-	5.9
“	-	4.4
“	-	4.3
“	-	4.0
“	-	3.7
“	-	3.6
“	1.98	3.2
“	0.14	2.5
TARGET AREA 2		
“	0.928	87.6
“	0.119	42.5
“	0.189	19.8
“	0.193	15.9
“	0.114	14.0
“	0.424	11.5
“	-	11.5
“	0.324	10.9
TARGET AREA 2 (cont'd)	0.188	5.6

LINCOLN MINING CORPORATION

TARGET AREAS	ANOMALOUS GOLD (gpt)	ANOMALOUS SILVER (gpt)
“	0.317	5.5
“	-	5.2
TARGET AREA 3	<i>(Disseminated stockwork target)</i>	
“	-	74.8
“	-	15.9
“	-	8.5
“	-	4.2
“	-	4.2
“	0.112	3.0
“	0.558	2.0
“	-	1.3
“	-	1.2
“	-	1.1
“	-	1.0

Lincoln continues to advance the La Bufa property, which holds excellent potential for multiple epithermal gold-silver deposits subject to underground mining and milling. Lincoln believes that the new targets identified in 2010 reflect near-term opportunities for discovery of significant economic gold-silver deposits. The Company plans to drill test the new targets.

Outstanding Share Data

The Company has an authorized share capital of an unlimited number of common shares, of which 83,021,916 were issued and outstanding as at the date of this report. See Note 9 in the June 30, 2010 unaudited interim consolidated financial statements for details.

The Company has outstanding a total of 24,836,869 full share equivalent warrants outstanding as at the date of this report ranging in price from \$0.25 to \$0.35 per share and 6,700,000 options with exercise prices from \$0.19 to \$0.35.

Related Party Transactions

During the six month period ended June 30, 2010, the Company paid or accrued management fees and consulting fees of \$49,923 (June 30, 2009 – \$17,042) and rent, included in office, of \$nil (June 30, 2009 - \$2,163) to the Executive Vice President and VP of Exploration of the Company, management fees of \$54,000 (June 30, 2009 - \$35,000) to a company owned by the President of the Company, consulting fees of \$48,000 (June 30, 2009 - \$7,888) to the CFO of the Company, consulting fees of \$27,682 (June 30, 2009 - \$nil) to the VP Operations of the Company and consulting fees of \$33,000 (June 30, 2010 - \$nil) to former directors or companies owned by directors.

As at June 30, 2010, the Company owed \$11,982 (December 31, 2009: \$2,000) to various directors and/or officers of the Company, which is included in accounts payable. During the year ended December 31, 2009, the Company settled accounts payable to a director and officer of \$32,020 through a cash payment of \$7,520 and the issuance of 490,000 shares of Lincoln Gold Corporation.

Related Party Loans

In December 2008, a director of the Company paid out a convertible loan owed by the Company in the amount of \$75,000 plus accrued interest of \$20,047 totalling \$95,047 in return for the assignment of that debt. As part of such payout, the third party's general security agreement over the Company's assets was discharged. The \$95,047 debt was unsecured and accrued interest at a rate of 5% per annum. The director advanced a further \$59,000 for a total loan of \$154,047. In August 2009, pursuant to a debt settlement agreement, the debt was settled through the issuance of 1,180,000 shares valued at \$59,000 and a cash payment of \$95,047. Accrued interest of \$7,764 was forgiven.

During the year ended December 31, 2008, the Company received convertible loan proceeds of \$181,000 from the CEO. The principal amount bore interest at 5% per annum, and had no specific term of repayment. In August 2009, pursuant to a debt settlement agreement, the debt was settled through the issuance of 3,420,000 shares valued at \$171,000 and a cash payment of \$10,000. Accrued interest of \$11,245 was forgiven.

During the year ended December 31, 2009, the Company advanced \$81,900 to certain directors and officers to allow them to purchase escrowed common shares of the Company directly from the former escrow shareholders on completion of the reverse takeover ("RTO") (see Note 5 of the December 31, 2009 audited consolidated financial statements), of which \$66,900 was repaid during the six month period ended June 30, 2010 (December 31, 2009 - \$15,000) and \$nil (December 31, 2009 - \$66,900) was outstanding as of June 30, 2010.

Liquidity and Solvency

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

As at	June 30, 2010	December 31, 2009
Cash	\$ 3,482,460	\$ 1,761,227
Working capital (deficiency)	3,411,213	1,548,889
Six Month Period Ended	June 30, 2010	June 30, 2009
Cash used in operating activities	(1,890,308)	(77,006)
Cash provided by investing activities	66,900	-
Cash provided by financing activities	3,544,641	88,071
Change in cash	<u>\$ 1,721,233</u>	<u>\$ 11,065</u>

On June 30, 2010, the Company issued a total of 12,045,395 units at a price of \$0.22 per unit ("Units") for total proceeds of \$2.65 million in connection with the brokered private placement, under which Casimir Capital LP acted as agent with Bolder Investment Partners Ltd. involved as a significant member of the agent's selling group. Each Unit is comprised of one common share of the Company and one half of one non-transferable common share purchase warrant. Each whole purchase warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.35 per share until June 1, 2012.

Concurrent with the brokered private placement, the Company also closed a non-brokered private placement of 6,088,454 Units at the same price and having the same terms as the Units under the brokered private placement, for total proceeds of \$1.34 million.

As compensation, the agent's selling group in the brokered private placement, and certain finders involved in the non-brokered private placement received an aggregate (i) cash commission of 7% of the total proceeds raised and (ii) non-transferable warrants ("Broker Warrants") to acquire common shares of the Company equal to 7% of the total number of Units sold. Each such warrant will entitle the holder to acquire one common share of the Company at a price of \$0.35 per share until June 1, 2012. At the closing of the private placement, the Company issued a total of 1,142,415 Broker Warrants and paid a total of \$251,269 in cash commissions.

LINCOLN MINING CORPORATION

All securities issued under the private placement are subject to a four month hold period in Canada, expiring on October 2, 2010, in addition to such other restrictions as may apply under applicable securities laws of jurisdictions outside Canada.

Lincoln intends to use the net proceeds raised to advance development of its mineral properties and for general working capital purposes.

The Company is dependent on the sale of treasury 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.

Commitments

The Company assumed the remainder of a premises lease expiring February 2010. In addition, the Company signed a new lease for the period from March 2010 to February 2015. Pursuant to this lease commitment, the Company's annual minimum commitments are as follows:

2010 - \$25,998
2011 - \$53,544
2012 - \$53,853
2013 - \$56,948
2014 - \$57,567
2015 - \$ 9,595

During the year ended December 31, 2009, the Company, in the normal course of business, entered into five employee and consulting agreements expiring in 2014, for the Company's key management positions. The agreements provide for additional payments in the event of severance or change in control.

Capital Resources

The Company has no operations that generate cash flow and its long term financial success is dependent on discovering properties that contain mineral reserves that are economically recoverable. The Company's primary capital assets are resource properties. Exploration expenditures are expensed as incurred.

All of the Company's resource property agreements are option agreements only and the exercise thereof are at the discretion of the Company. To earn its interest in the properties, the Company must incur certain expenditures in accordance with the agreements.

The Company depends on equity sales to finance its exploration programs and to cover administrative expenses.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet transactions.

Proposed Transactions

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

Changes in Accounting Policies Including Initial Adoption

Section 1582, Business Combinations

Section 1601, Consolidated Financial Statements

Section 1602, Non-controlling Interests

In January 2009, the CICA issued Handbook Sections 1582 Business Combinations, 1601 Consolidated Financial Statements, and 1602 Non-controlling Interests, which replaces CICA Handbook Sections 1581 Business Combinations and 1600 Consolidated Financial Statements.

Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning March 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these Sections, the other two sections must also be adopted.

International Financial Reporting Standards ("IFRS")

The use of IFRS for financial reporting in Canada will be applicable for the fiscal year beginning January 1, 2011. The Company's IFRS transition plan consists of three main phases – Scoping, Analysis and Implementation. The Scoping phase involves a high-level analysis of the significant accounting differences between IFRS and Canadian GAAP and determining the potential impact of the new accounting standards on business areas such as information technology, internal controls and disclosure controls. The Analysis phase involves a more comprehensive analysis of the accounting standards, including the development of accounting policies and the quantification of the conversion impact. The Implementation phase executes the changes identified in the Analysis phase.

The Company has completed the Scoping phase, and both the Analysis and Implementation phases are in progress. The guidance for the first time adoption of IFRS is set out in IFRS 1, *First Time Adoption of International Financial Reporting Standards* ("IFRS"). IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company is planning to elect to take the following IFRS 1 optional exemptions:

- To apply the requirements of IFRS 3, Business Combinations (2004), prospectively from the Transition Date.
- To apply the requirements of IFRS 2, Share-based payments, only to equity instruments granted after November 2002, which had not vested as of the Transition Date.

IFRS – Accounting Policy Choices

For mining exploration companies, one accounting policy choice is to either capitalize or expense its exploration costs. The Company currently expenses its exploration costs and does not currently anticipate any significant changes to this policy.

The Company is in the process of assessing the IFRS conversion adjustments, but does not currently expect any significant changes from the adoption of the following IFRS:

IFRS 2 – Share Based Payments;
IAS 12 – Income Taxes;
IAS 16 – Property, Plant and Equipment;
IAS 36 – Impairment of Assets;
IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

Financial Instruments

Designation and Valuation of Financial Instruments

The Company's financial instruments consist of cash, receivables, due from related parties, accounts payable and accrued liabilities and notes payable. Cash is designated as held for trading and carried at fair value, with any unrealized gain or loss recorded in the statement of operations. Interest income is recorded in the statement of operations. Receivables and due from related parties are classified as loans and receivables, and accounts payable, accrued liabilities and notes payable are classified as other financial liabilities, and recorded at amortized cost using the effective interest rate method. The Company does not hold any derivative financial instruments.

The carrying amounts of cash, receivables, due from related parties, accounts payable, accrued liabilities and notes payable are a reasonable estimate of their fair values due to the short term maturity of these instruments.

Risks

Foreign Exchange Risk

The Company's operations in the United States and Mexico expose the Company to foreign exchange risk. The Company is subject to currency risk due to the fluctuations of exchange rates between the Canadian and US dollars, as well as the Canadian dollar and Mexican pesos. At June 30, 2010, approximately 60% of the Company's accounts payable and accrued liabilities and approximately 64% of the Company's cash is denominated in US dollars. The Company's accounts payable and cash denominated in Mexican pesos are negligible. The Company's net monetary position on both US dollars and Mexican pesos is closely monitored and therefore the Company does not believe it is exposed to significant foreign exchange risk. The Company does not enter into derivative financial instruments to mitigate foreign exchange risk.

Credit Risk

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company's receivables consist of GST receivable due from the Federal Government of Canada and amounts due from related parties. The Company maintains cash deposits with Schedule A financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Interest Rate Risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is subject to any significant interest rate risk.

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.

Risks and Uncertainties

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

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

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

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

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

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

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

Other

Additional information relating to the Company's operations and activities can be found by visiting the Company's website at www.lincolnmining.com and www.sedar.com.

Trends

Trends in the industry can materially affect how well any junior exploration company is performing. The price of precious metals, in particular gold and silver, remains high and as a result worldwide exploration is starting to pick up. Under the current economic conditions, Lincoln is advancing its properties as quickly as possible while still remaining prudent when considering large cost items such as drilling and geophysics. Lincoln's management believe that the gold price will continue its general upward trend and that the metals price will be higher at the end of 2010.

Outlook

The outlook for precious metals continues to improve and this is reflected in Lincoln's increased financial strength. The prospect for financing the Company's projects is better and this will enable the Company to continue as a viable entity. Lincoln's advanced-stage properties, Pine Grove and Oro Cruz, will require significant investment as they transition into development stage projects. Staff and contractor requirements are expected to increase as Lincoln fast-tracks these properties to production. Exploration costs at La Bufa will also increase if a drilling program is commenced. Lincoln management believes that the Company is on its way to becoming a new junior gold-silver producer in stable countries with 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.