LINCOLN MINING CORPORATION

Unaudited interim consolidated financial statements

for the nine months ended September 30, 2013

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Notice to Reader

Management has prepared the unaudited interim consolidated financial statements for Lincoln Mining Corporation (the Company) in accordance with National Instrument 51-102 released by the Canadian Securities Administration. The Company discloses that its auditors have not reviewed the unaudited consolidated financial statements for the period ended September 30, 2013.

LINCOLN MINING CORPORATION
Interim Consolidated Statements of Financial Position
(Unaudited)

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

	Notes	As at September 30, 2013	As at December 31, 2012
		$	$
Assets			
Current assets			
Cash		331,478	2,202,131
Other receivable		11,933	61,734
Prepaid expenses		40,249	193,946
		383,660	2,457,811
Non-current assets			
Reclamation bonds	4	21,151	-
Equipment		16,928	14,664
Deposits		44,678	44,678
Mineral properties	4	3,048,138	4,856,194
		3,130,895	4,915,536
Total assets		**3,514,555**	**7,373,347**
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued liabilities	2	771,439	228,428
Loans from directors	2	1,032,519	68,784
Promissory note	5	102,850	98,344
Property acquisition liability	5	1,288,415	1,539,422
Convertible debenture – interests payable	2, 6	114,938	11,342
		3,310,161	1,946,320
Non-current liabilities			
Convertible debenture	6	2,138,237	2,089,719
Provision for environmental rehabilitation		66,853	63,941
		2,205,090	2,153,660
Total liabilities		**5,515,251**	**4,099,980**
Equity			
Share capital	8	20,155,769	20,155,769
Capital reserves	8(b)	1,323,896	1,323,896
Deficit		(23,480,361)	(18,206,298)
Total Equity		**(2,000,696)**	**3,273,367**
Total Liabilities and Equity		**3,514,555**	**7,373,347**

Approved and authorized by the Board on November 29, 2013.

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

LINCOLN MINING CORPORATION
Interim Consolidated Statements of Operating Results, Loss and Comprehensive Loss
(Unaudited)
For the three and nine months ended September 30, 2013 and 2012

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

	Notes	**Three months ended September 30, 2013**	Three months ended September 30, 2012 (Note 2)	**Nine months ended September 30, 2013**	Nine months ended September 30, 2012 (Note 2)
		$	$	**$**	$
Exploration expenses	2, 4	**286,571**	247,315	**1,699,679**	659,786
Impairment provision for mineral properties	4	**1,833,153**	-	**1,833,153**	-
Administrative expenses					
Professional fees		**89,881**	74,210	**460,225**	124,450
Settlement of dispute	4	**-**	-	**350,000**	-
Investor relations and shareholder services		**44,798**	55,482	**171,704**	96,369
Office maintenance		**42,748**	53,242	**153,275**	147,612
Administrative support		**54,448**	33,602	**159,568**	103,712
Consulting and management fees		**37,072**	84,934	**118,760**	259,056
Share-based compensation		**-**	7,513	**-**	40,496
Travel		**12,309**	7,002	**29,661**	37,431
Depreciation		**785**	1,824	**7,377**	5,567
Foreign exchange loss (gain)		**(6,789)**	(14,968)	**20,749**	(7,643)
		275,252	302,841	**1,471,319**	807,050
Finance expenses (income)					
Interest income		**-**	(218)	**-**	(346)
Interest expense		**42,811**	4,929	**148,651**	18,230
Accretion expense	5, 6	**50,744**	-	**121,261**	-
		93,555	4,711	**269,912**	17,884
Loss and comprehensive loss for the period	2	**2,488,531**	554,867	**5,274,063**	1,484,720
Basic and diluted loss per common share		**(0.02)**	(0.01)	**(0.03)**	(0.02)
Weighted average number of common shares outstanding		**158,860,203**	102,125,507	**158,860,203**	98,157,276

LINCOLN MINING CORPORATION
Interim Consolidated Statements of Cash Flows
(Unaudited)
For the three and nine months ended September 30, 2013 and 2012

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

	Three months ended September 30, 2013	Three months ended September 30, 2012 (Note 2)	**Nine months ended September 30, 2013**	Nine months ended September 30, 2012 (Note 2)
	$	$	**$**	$
CASH FLOWS USED IN OPERATING ACTIVITIES				
Loss for the period	**(2,785,532)**	(554,867)	**(5,274,063)**	(1,484,720)
Items not affecting cash:				
Impairment provision for mineral properties (Note 4)	**1,833,153**		**1,833,153**	
Accrued interest expense	**50,744**	4,929	**121,261**	18,230
Accretion expense	**42,811**	-	**148,651**	-
Share-based compensation	**-**	7,514	**-**	40,496
Depreciation	**785**	1,824	**7,377**	5,567
Unrealized loss on foreign exchange	**(6,789)**	(6,383)	**20,749**	(6,541)
	(567,827)	(546,983)	**(3,142,872)**	(1,426,968)
Changes in non-cash working capital items:				
Increase (decrease) in accounts payable and accrued liabilities	**205,184**	(149,868)	**529,208**	277,882
Decrease (increase) in prepaid and deposits	**45,285**	10,003	**153,697**	8,125
Decrease in other receivables	**83,087**	(3,644)	**44,938**	(6,052)
Net cash used in operating activities	**(234,271)**	(690,492)	**(2,415,029)**	(1,147,013)
CASH FLOWS USED IN INVESTING ACTIVITIES				
Acquisition of water rights	**-**	-	**(25,097)**	-
Payment for property (Note 5)	**-**	(350,000)	**(350,000)**	(350,000)
Purchase of equipment	**-**	-	**(9,641)**	-
Reclamation bonds	**-**	-	**(20,886)**	-
Net cash used in investing activities	**-**	(350,000)	**(405,624)**	(350,000)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of shares for cash	**-**	1,200,000	**-**	1,558,050
Payment of promissory note	**-**	(152,085)	**-**	(152,085)
Share issue costs	**-**		**-**	(31,264)
Loans from directors/ (repaid) to directors	**300,000**	(48,000)	**950,000**	46,500
Net cash provided by financing activities	**300,000**	999,915	**950,000**	1,421,201
Net change in cash for the period	**65,729**	(40,577)	**(1,870,653)**	(75,812)
Cash, beginning of the period	**265,749**	12,742	**2,202,131**	47,977
Cash (indebtedness), end of the period	**331,478**	(27,835)	**331,478**	(27,835)

LINCOLN MINING CORPORATION
Interim Consolidated Statements of Changes in Equity
(Unaudited)

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

	Number of shares	Share capital	Capital Reserves	Commitment to issue shares	Deficit	Total
		$	$	$	$	$
Balance at December 31, 2012	**158,860,203**	**20,155,769**	**1,323,896**	**-**	**(18,206,298)**	**3,273,367**
Loss for the period	-	-	-	-	(5,274,063)	(5,274,063)
Balance as at September 30, 2013	**158,860,203**	**20,155,769**	**1,323,896**	**-**	**(23,480,361)**	**(2,000,696)**
Balance at December 31, 2011	**92,610,203**	**16,862,004**	**995,937**	**24,500**	**(15,730,715)**	**2,151,726**
Private placements	28,774,000	1,558,050	-	-	-	1,558,050
Share issue costs	-	(31,264)	-	-	-	(31,264)
Share issue costs – finder's warrants	-	(8,349)	8,349	-	-	-
Shares issued for property	100,000	4,000	-	(4,000)	-	-
Share-based compensation	-	-	40,496	-	-	40,496
Loss for the period (Note 2)	-	-	-	-	(1,484,720)	(1,484,720)
Balance at September 30, 2012 (Note 2)	**121,484,203**	**18,384,441**	**1,014,369**	**20,500**	**(17,215,022)**	**2,234,288**

1 Nature of operations

Lincoln Mining Corporation (the "Company") is incorporated under the Business Corporations Act, British Columbia. The Company's head and registered office, principal address and records is Suite 350 – 885 Dunsmuir Street, Vancouver, British Columbia, Canada, V6C 1N5. Lincoln Mining Corp. is a precious metals exploration and development company with several projects in various stages of exploration, which include the Pine Grove and the Bell Mountain gold properties in Nevada, USA, the Oro Cruz gold property in California, USA and the La Bufa gold-silver property in Chihuahua, Mexico. In the United States, the Company operates under its Nevada subsidiaries, Lincoln Gold US Corp and Lincoln Resource Group Corp. The Company is listed on the TSX Venture Exchange ("TSX-V: LMG")

The interim consolidated financial statements of the Company for the nine months period ended September 30, 2013 comprise the Company and its subsidiaries. These interim consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated.

2 Summary of significant accounting policies

(a) Basis of preparation

The interim consolidated financial statements for the nine months ended September 30, 2013 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2012.

The accounting policies followed in these interim financial statements are consistent with those applied in the Company's most recent annual financial statements for the year ended December 31, 2012.

Going concern assumption

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

The Company has not yet determined whether its mineral properties contain ore reserves; therefore, the Company has incurred ongoing losses. The recovery of the amounts comprising mineral properties is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon future profitable production.

Change in accounting policy and disclosures

The results of the three months ended September 30, 2012 were adjusted for the reclassification of the first payment of $350,000 made for Bell Mountain acquisition project from exploration expenses into Mineral Properties on the face of the balance sheet. The Company's accounting policy requires that the acquisition costs, which include the cash consideration, option payment under the earn-in arrangement, the fair value of common shares issued for mineral property interests are deferred until the property is placed in development, sold or abandoned or determined to be impaired.

The Company has previously reclassified amounts relating to expired compensatory options and warrants back into deficit where they were originally recorded. Management revised the previous position and took the view that share option lapsing does not represent a gain to the Company as there is no change to the Company's net assets. The Capital reserves and Deficit balances as at September 30, 2012 were restated accordingly as management considers that the revised presentation provides more relevant information on the Company's deficit.

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

	Capital reserves	Deficit	Loss for three months ended September 30, 2012,	Loss for nine months ended September 30, 2012,
	$	$	$	$
Balance at September 30, 2012 (as previously reported)	1,014,369	(17,535,022)	(904,867)	(1,834,720)
Reclassification of payment for acquisition of mineral properties		350,000	350,000	350,000
Effect of change in accounting policy	30,413	(30,413)	-	-
Balance as at September 30, 2012, restated	**1,044,782**	**(17,215,435)**	**(554,867)**	**(1,484,720)**

Consistency of presentation

The Company retains the presentation and classification of items in the financial statements from the previous period, however, some items were reclassified in order to improve the presentation of the financial statements. The following items were amended accordingly to be consistent with the current presentation:

- as at December 31, 2012, the amount of $25,000 included into accounts payable and accrued liabilities represented a portion of the Company's expenses settled by a Company's director in 2012 on behalf of the company. The amount of $25,000 was reclassified from accounts payable and accrued liabilities into loans from directors.
- as at December 31, 2012, the amount of $11,342 included into accounts payable and accrued liabilities was in relation to accrued interest for the convertible debenture. The amount of $11,342 was reclassified from accounts payable and accrued liabilities into convertible debenture outstanding balance.

New standards and interpretations not yet adopted

There are no new IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

(b) Consolidation

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

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

(c) Mineral properties

The Company accounts for its mineral properties as exploration and evaluation assets in accordance with IFRS 6. The Company capitalizes mineral property interest acquisition costs, which include the cash consideration, option payment under an earn-in arrangement and, the fair value of common shares issued for mineral property interests. The acquisition costs are deferred until the property is placed into development (when commercial viability and technical feasibility are established), sold or abandoned or determined to be impaired. Before moving acquisition costs into property, plant and equipment upon commencement of development stage, the property is first tested for impairment. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

Exploration and evaluation expenditures

The Company expenses to operations all exploration and evaluation costs incurred prior to the determination of economically recoverable reserves. Exploration and evaluation expenditure relates costs incurred for investigation and evaluation of potential mineral reserves and resources, including trenching, exploratory drilling, sampling, mapping and other activities in searching for ore bodies under the properties, and evaluate the technical and commercial viability of developing mineral properties identified through exploration. Exploration and evaluation expenditures, net of any recoveries, are recorded on a property-by-property basis.

(d) Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

(e) Financial liabilities

Borrowings

Borrowings are recognized initially at fair value (net of transaction costs incurred). Borrowings are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible debenture that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognized initially at the fair value of the similar liability that does not have an equity conversion option. The equity component is recognized initially as a difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(f) Provision for environmental rehabilitation

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

(g) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(h) Related party transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

3 Critical accounting estimates and judgements

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

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

Recoverability of mineral property interests

Management has determined that mineral property costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

Company's title on mineral property interests

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

Provision for environmental rehabilitation

The Company's estimates of future rehabilitation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

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

4 Mineral properties

	United States of America		Mexico	Total
	Pine Grove	**Bell Mountain**	**La Bufa**	
	$	$	$	$
Acquisition costs as at December 31, 2012	759,527	2,263,514	1,833,153	4,856,194
Acquisition of water rights	25,097	-	-	25,097
Impairment provision	-	-	(1,833,153)	(1,833,153)
Closing balance as at September 30, 2013	**784,624**	**2,263,514**	**-**	**3,048,138**

The impairment provision was created against the carrying value of La Bufa property to reflect the impact of the recent events and the negative market conditions.

In March 2013 the Company received a Notice from the US Bureau of Land Management allowing Lincoln to proceed with its drilling program at the Bell Mountain gold-silver property in Churchill County, Nevada. The reclamation bond was placed in March 2013.

Exploration expenditures incurred during the nine months ended September 30, 2013:

	United States				Mexico	Total
	Pine Grove	**Oro Cruz**	**Bell Mountain**	**Other**	**La Bufa**	
	$	$	$	$	$	$
Option, lease and advance royalty payments	95,404	96,458	28,145	-	37,443	**257,450**
Contractors	23,586	9,641	21,027	893	141	**55,288**
Drilling and metallurgical	38,570	-	705,319	5,998	-	**749,887**
Field supplies	762	-	1,124	-	34	**1,920**
General administration	(1,633)	-	4,457	107	23,621	**26,552**
Geochemistry	13,822	495	124,386	15,552	16,537	**170,792**
Insurance	-	-	-	-	2,055	**2,055**
Land maintenance	3,196	-	42,808	-	-	**46,004**
Permitting environment	126,376	-	161,231	-	-	**287,607**
Property evaluations	2,871	-	27,076	2,838	-	**32,785**
Surveying	-	-	26,082	1,936		**28,018**
Travel and accommodation	4,805	388	18,812	3,024	2,283	**29,312**
Vehicle operating	1,867	-	8,932	1,210	-	**12,009**
Total mineral property expenditures	**309,626**	**106,982**	**1,169,399**	**31,558**	**82,114**	**1,699,679**

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

Exploration expenditures (recoveries) incurred during the nine months ended September 30, 2012:

	United States				Mexico	
	Pine Grove	**Oro Cruz**	**Bell Mountain**	**Other**	**La Bufa**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Option, lease and advance royalty payments	55,520	75,162	-	-	-	**130,682**
Contractors	36,070	115,301	13,138	-	107,026	**271,535**
Drilling and metallurgical	1,088	-	125	-	119,424	**120,637**
Field supplies	49	-	72	-	11,604	**11,725**
General administration	-	2,310	10	-	30,125	**32,445**
Geochemistry	-	-	-	-	702	**702**
Insurance	-	-	-	-	1,870	**1,870**
Land maintenance	36,716	21,524	-	-	18,223	**76,463**
Permitting environment	6,023	-	-	-	-	**6,023**
Property evaluations	-	-	-	-	(26,178)	**(26,178)**
Surveying	1,616	-	15,280	-	7,393	**24,289**
Travel and accommodation	1,697	313	698	-	6,020	**8,728**
Vehicle operating	-	65	-	-	800	**865**
Total mineral property expenditures	**138,779**	**214,675**	**29,323**	**-**	**277,009**	**659,786**

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

The summary of the Company's commitments in relation to the leased and acquired mineral properties is the following:

	United States		
	Pine Grove	**Oro Cruz**	**Bell Mountain**
	$	**$**	**$**
Lease payments (annually)	(*)US$25,000	(***)$100,000 - $200,000	-
Non-refundable advance royalty	(**)US$30,000	-	-
Work commitments	US$50,000 (annually)	US$50,000 (annually)	$1,755,000 (by June 28, 2015)

* 2013 period payment of US$25,000 for Wilson property is currently outstanding
** The annual 2013 period advance royalty payment was settled in July 2013
*** The annual 2013 lease payment has been settled. The amount of $74,408 (US$ 75,000) was paid in February 2013.

Settlement of Option Agreement with Elgin Mining Inc.

In September 2012, the Company announced that the letter agreement with Elgin Mining Inc.('Elgin') has been terminated by Lincoln as certain obligations under the agreement have not been fulfilled by Elgin. Elgin has disputed the validity of the Company's termination of the agreement.

In June 2013, Elgin and Lincoln (together, the 'Parties') have signed a full and final Settlement Agreement (the "Settlement"). Under the Settlement, the Parties have decided to terminate the Agreement in relation to the La Bufa and Oro Cruz properties for the following consideration:

• Lincoln paid $350,000 cash to Elgin upon execution of Elgin's quitclaim deed in relation to the Oro Cruz property, the control of the Oro Cruz property has been reverted to Lincoln; and

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

• Lincoln shall take all commercially reasonable steps to market and sell the La Bufa property; the net proceeds of such sale (after allowable expenses) to be split equally between the Parties.

5 Liabilities in relation to property acquisitions

The current outstanding liabilities in relation to property acquisition transactions are summarized as follows:

	Promissory note (Pine Grove - Cavanaugh property)	**Property acquisition liability** (Bell Mountain property)
	$	**$**
Balance, December 31, 2012	98,344	1,539,422
Accretion expense	1,150	98,993
Foreign exchange effect	3,356	-
Payment made	-	(350,000)
Closing balance, September 30, 2013	**102,850**	**1,288,415**

Subsequently to the reporting period, the Company paid US$106,000 and the liabilities for Cavanaugh property were settled. The final payment included US$6,000 of interests for the overdue payment.

Subsequently to the reporting period, the Company renegotiated the payment schedule for Bell Mountain project. The interim amount of $140,000 was paid in October 2013; the outstanding principle balance of $1,160,000 will be settled when the funds become available for the Company.

6 Convertible debenture

In November 2012, the Company issued a convertible debenture (“Debenture”) to a related party in an aggregate principal amount of $2,300,000, which is due on November 22, 2015. The Debenture is convertible at any time, in whole or in part at the election of the holder, into up to 23,000,000 common shares of the Company on the basis of the one common share for each $0.10 of principal. The Debenture bears interest at the rate of 6% per annum, calculated payable monthly, on the outstanding principal amount. The Debenture is secured by a general security agreement granted by the Company.

Upon the initial recognition, the Company allocated the proceeds and transaction costs between the components based on their fair value of the debt as follows:

	$
Conversion feature (equity component)	215,386
Convertible debenture (liability component)	2,084,614
Total	**2,300,000**

The fair value of the liability component was calculated using a market rate of 9.6%, with the residual value allocated to the equity component.

Subsequent to the initial recognition, the convertible debenture is carried at amortized cost using the effective interest method at a discount rate of 9.6%.

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

	Period ended September 30, 2013	Year ended December 31, 2012
	$	$
Opening balance	2,089,719	-
Issuance of convertible debenture	-	2,084,614
Accretion expense	48,518	5,105
	2,138,237	**2,089,719**
Accrued interests during the current year (unpaid)	103,596	11,342
Unpaid interests from the year ended December 31, 2012	11,342	-
Closing balance	**2,253,175**	**2,101,061**

7 Related party transactions

The following transactions were carried out with related parties:

Key management personnel – services rendered and other compensation

Key management includes offices and directors – executive and non-executive. The compensation paid or payable to key management personnel for the services rendered during the nine month period ended September 30, 2013 and 2012 is following:

	Nine months ended September 30, 2013	Nine months ended September 30, 2012
	$	$
Directors fees	37,760	45,000
Management fees	81,000	81,000
Exploration expenses	179,361	81,576
Consulting fees	-	188,193
Administrative support	35,398	-
Share based compensation	-	32,379
Total	**333,519**	**428,148**
Outstanding balance included in accounts payable:	**52,608**	**287,342**

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

Entities with common directors

The amount of transactions which have been entered into with Golden Band Resources Inc., where the Company has directors in common during the period ended September 30, 2013 as well as balances with the related party as at September 30, 2013 and December 31, 2012:

	Nine months ended September 30, 2013	Nine months ended September 30, 2012
	$	$
Reimbursement of expenses	11,561	-

	September 30, 2013	December 31, 2012
	$	$
Outstanding balance included in other receivable	4,398	**-**

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

Directors Loans

During the reporting period the Company received $650,000 unsecured demand loan from Prairie Enterprises (Alberta) Inc. to fund Lincoln's current working capital requirements. Prairie Enterprises (Alberta) Inc is owned and controlled by Edward Yurkowski, who is a director of the Company. The Loan bears interest at 10% per annum, calculated and payable on the first day of each month.

The Company also received an additional $300,000 of demand loan from James Dales, a director of the Company, to fund Lincoln's current working capital requirements. The Loan bears interest at 10% per annum, calculated and payable on the first day of each month. Under the terms of the loan, the Company has granted Mr. Dales a security interest in the Company's portion of the proceeds from any future sale of the La Bufa property.

8 Share capital and reserves

a) Authorized share capital

As at September 30, 2013, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares are fully paid.

b) Capital Reserves

	Capital reserve - options	Capital reserve - warrants	Capital reserve - convertible debenture	Total
	$	$	$	$
Balance as at December 31, 2012	985,639	122,871	215,386	1,323,896
Balance as at September 30, 2013	**985,639**	**122,871**	**215,386**	**1,323,896**

c) Stock options

As at September 30, 2013, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
2,400,000	$0.19	September 29, 2014
50,000	$0.29	January 28, 2015
600,000	$0.29	March 3, 2015
350,000	$0.22	June 4, 2015
600,000	$0.19	December 15, 2015
125,000	$0.21	December 20, 2015
300,000	$0.19	July 5, 2016
4,425,000		

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

Stock option transactions for the nine months ended September 30, 2013 and September 30, 2012 are summarized as follows:

	Nine months ended September 30, 2013		Nine months ended September 30, 2012	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
		$		$
Balance, beginning of period	7,200,000	0.21	8,075,000	0.21
Granted	-	-	300,000	0.19
Expired	(425,000)	0.20	(350,000)	0.29
Forfeited	(2,350,000)	0.21	(725,000)	0.21
Balance, end of period	4,425,000	0.21	7,300,000	0.21
Options exercisable, end of period	4,425,000	0.21	6,846,875	0.21

d) Warrants

As at September 30, 2013, the Company had outstanding warrants as follows:

No of warrants	Exercise price	Expiry date
	$	
1,185,971	0.22	November 4, 2013
454,544	0.22	December 21, 2013
1,640,515		

Warrant transactions for the nine months ended September 30, 2013 and September 30, 2012, are summarized as follows:

	Nine months ended September 30, 2013		Nine months ended September 30, 2012	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
		$		$
Balance, beginning of period	**7,834,644**	**0.23**	**15,038,569**	$ 0.34
Issued warrants	-	-	2,781,440	0.10
Cancelled	-	-	(9,985,365)	0.35
Expired	(6,194,129)	0.24	-	-
Balance, end of the period	**1,640,515**	**0.22**	**7,834,644**	**$ 0.23**

9 Financial instruments. Risk management.

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

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. The Company does not believe it is exposed to significant foreign exchange risk.

Credit risk

The Company's cash is largely held in large Canadian financial institutions. 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. 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 currently 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.

10 Commitments

In accordance with the final Settlement Agreement with Elgin Mining Inc., Lincoln shall take all commercially reasonable steps to market and sell the La Bufa property; the net proceeds of such sale (after allowable expenses) to be split equally between Lincoln and Elgin.

The Company has granted Mr. Dales a security interest in the Company's portion of the proceeds from any future sale of the La Bufa property under the terms of the loan agreement.

In addition to commitments disclosed elsewhere in the interim financial statements, pursuant to a premises lease, the Company's minimum annual commitments as at September 30, 2013 are as follows:

No later than 1 year	$ 112,075
Later than 1 year and no later than 5 years	$ 46,698

11 Subsequent events

a) Subsequently to the reporting period, the Company paid US$106,000 and the liabilities for Cavanaugh property were settled.

b) Subsequently to the reporting period, the Company renegotiated the payment schedule for Bell Mountain project. The interim amount of $140,000 was paid in October 2013.

c) The Company and Procon, the related party, have received an extension to the 120 day divestment deadline until December 13, 2013, subject to the terms and conditions imposed by the Committee on Foreign Investment in the Unites States' ("CFIUS") under the Order. The Company also engaged PricewaterhouseCoopers Corporate Finance Inc. ("PwC"), on a non-exclusive basis, as an advisor to assist the Company in seeking financing options. PwC has also been engaged by Procon to assist in the divestiture of its investment in Lincoln.

FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) AS OF SEPTEMBER 30, 2013 TO ACCOMPANY THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF LINCOLN MINING CORPORATION (THE “COMPANY” OR “LINCOLN”) FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013.

This Management’s Discussion and Analysis (“MD&A”) of the results of operations and the financial condition of Lincoln Mining Corporation, prepared as of November 29, 2013, should be read in conjunction with the unaudited condensed consolidated financial statements of the Company for the nine months ended September 30, 2013 and the audited financial statements for the year ended December 31, 2012. All financial amounts are stated in Canadian currency unless stated otherwise.

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

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

1. Overview

Lincoln Mining Corporation (the “Company”) is incorporated under the Business Corporations Act, British Columbia. The Company’s head and registered office, principal address and records is Suite 350 – 885 Dunsmuir Street, Vancouver, British Columbia, Canada, V6C 1N5. The Company is listed on the TSX Venture Exchange (“TSX-V: LMG”) and Frankfurt Stock Exchange (“ZMG”).

Lincoln Mining Corp. is a precious metals exploration and development company with several projects in various stages of exploration which include the Pine Grove and the Bell Mountain gold properties in Nevada, USA, the Oro Cruz gold property in California, USA and the La Bufa gold-silver property in Chihuahua, Mexico. In the United States, the Company operates under its Nevada subsidiaries, Lincoln Gold US Corp and Lincoln Resource Group Corp. The Company’s main performance activities during the previous year of 2012 and the current period were raising capital, advancing its three existing projects and acquisition of Bell Mountain project (see “Project Summaries and Activities” for greater detail).

The Company’s intention and strategies are to continue to advance its projects, with a long term goal of building Lincoln into a mid-tier gold producer. The Company’s immediate objective is to become a precious metals producer within two years, with increasing production each year after that.

2013 Third Quarter Highlights

(i) On July 25, 2013 Ron Coombes was appointed as new director of the Company. Mr. Coombes is an experienced entrepreneur and fundraiser and has been involved in mineral exploration and junior exploration company management for the past 15 years. Mr. Coombes also holds the position as President of International Bethlehem Mining Corp., Black Panther Mining Corp., White Tiger Mining Corp., Rainy Mountain Royalty Corp, Columbia Yukon Explorations Inc. and director of Golden Band Resources Inc.

(ii) The Company received shareholder approval at the Company's annual general meeting held on September 16, 2013 (the "Meeting"), to consolidate the Company's common shares on the basis of one (1) post-consolidation common share for every five (5) pre-consolidation common shares.

The resolution approved by shareholders at the Meeting permits the board of directors of the Company, without further approval by the shareholders, to select the final consolidation ratio (up to a ratio of 1:5) and proceed with the consolidation at any time within the 12 months following the date of the Meeting, subject to approval by the TSX Venture Exchange. Alternatively, the board may choose not to proceed with the consolidation.

(iii) On September 30, 2013 the Company received a C$300,000 demand loan (the "Loan") from James Dales, a director of the Company, to fund Lincoln's current working capital requirements. The Loan bears interest at 10% per annum, calculated and payable on the first day of each month, commencing September 27, 2013. Under the terms of the Loan, the Company has granted Mr. Dales a security interest in the Company's portion of the proceeds from any future sale of the La Bufa property.

(iv) The Company and Procon Mining and Tunnelling Ltd. ('Procon'), have received an extension to the 120 day divestment deadline until December 13, 2013, subject to the terms and conditions imposed by the Committee on Foreign Investment in the United States ('CFIUS') under the Order.

The Company also engaged PricewaterhouseCoopers Corporate Finance Inc. ("PwC"), on a non-exclusive basis, as an advisor to assist the Company in seeking financing options. PwC has also been engaged by Procon to assist in the divestiture of its investment in Lincoln.

Results of Operations – For the three months ended September 30, 2013

For the three months ended September 30, 2013, the Company incurred a loss of $2,488,531 (2012: $554,867). Significant expenses included exploration expenses of $286,571 (2012: $247,315); impairment provision for La Bufa property of $1,833,153 (2012: Nil); professional fees (legal and audit) of $89,881 (2012: $74,210); investor relations and shareholder services of $44,798 (2012: $55,482); office maintenance of $42,748 (2012: $53,242); administrative support of $54,448 (2012: $33,602); consulting and management fees of $37,072 (2012: $84,934) and interest and accretion expense of $93,555 (2012: $4,711).

Results of Operations – For the nine months ended September 30, 2013

For the nine months ended September 30, 2013, the Company incurred a loss of $5,274,063 (2012: $1,484,720). Significant expenses included exploration expenses of $1,699,679 (2012: $659,786);); impairment provision for La Bufa property of $1,833,153 (2012: Nil); settlement of dispute with Elgin in amount of $350,000 (2012: Nil), professional fees (legal and audit) of $460,225 (2012: $124,450); investor relations and shareholder services of $171,704 (2012: $96,369); office maintenance of $153,275 (2012: $147,612); administrative support of $159,568 (2012: $103,712); consulting and management fees of $118,760 (2012: $259,056) and interest and accretion expense of $269,912 (2012: $17,884).

The increase in professional fees was mainly caused by the legal costs incurred in relation with CFIUS process and legal costs caused by the dispute with Elgin Mining Inc. Management increased the budget to expand investor relations activity in 2013 as the prior year activity was limited due to liquidity issue. The increase in administrative support was due to start-up costs at the new office in Carson City, Nevada in late 2012. The decrease in consulting fees is the result of the revised remuneration approved by the board of directors in late 2012 (no remuneration is paid/payable to the newly assigned directors and a chief financial officer). The increase in interest expense was caused by the interest and accretion expense incurred in relation to the outstanding liabilities for Bell Mountain acquisition, the convertible debenture and additional loans from directors.

(in Canadian dollars, unless otherwise stated)

In 2013 the Company's key projects were Bell Mountain, Pine Grove, Oro Cruz and La Bufa. The total costs incurred on those projects since 2007 is summarized in the table below:

	Bell Mountain	**Pine Grove**	**Oro Cruz**	**La-Bufa**	**Other properties**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Exploration expenses (recoveries)						
Nine months ended September 30, 2013 *	1,169,399	309,626	106,982	82,114	31,558	1,699,679
Year 2012 *	100,461	234,525	247,285	402,810	7,590	992,671
Year 2011 *	-	610,664	404,483	1,240,844	11,288	2,267,279
Year 2010 *	-	1,609,436	310,637	472,534	1,645	2,394,252
Year 2009 **	-	553,319	7,586	121,861	(7,898)	674,868
Year 2008 **	-	509,333	-	1,501,906	14,347	2,025,586
Year 2007 **	-	154,145	-	163,705	25,287	343,137
	1,269,860	3,981,048	1,076,973	3,985,774	83,817	10,397,472
Less recoveries in 2012 and 2011	-	-	(328,765)	(1,051,735)	-	(1,380,500)
Total exploration expenses incurred	**1,269,860**	**3,981,048**	**748,208**	**2,934,039**	**83,817**	**9,016,972**
Acquisition costs *, ***	**2,263,514**	**784,624**	**-**	**1,833,153**	**-**	**4,881,291**
TOTAL	**3,533,374**	**4,765,672**	**748,208**	**4,767,192**	**83,817**	**13,898,263**

* IFRS reporting
** Canadian GAAP reporting
*** Impairment provision is not included

(in Canadian dollars, unless otherwise stated)

Summary of Quarterly Results:

2013 Quarterly Results:	**4th Quarter**	**3rd Quarter**	**2nd Quarter**	**1st Quarter**
	$	**$**	**$**	**$**
Revenue	-	-	-	-
Exploration expenses	-	286,571	1,091,215	321,893
Impairment provision	-	1,833.153	-	-
Administrative expenses (incl. interest expense)	-	368,807	867,041	505,383
Loss and comprehensive loss	-	2,488,531	1,958,256	827,276
Basic and diluted loss per share	-	(0.02)	(0.01)	(0.01)
Total assets	-	3,514,555	5,411,603	6,679,303
Working capital (deficiency)	-	(2,926,501)	(2,207,446)	(273,087)

2012 Quarterly Results:	**4th Quarter**	**3rd Quarter (adjusted) ***	**2nd Quarter**	**1st Quarter**
	$	**$**	**$**	**$**
Revenue	-	-	-	-
Exploration expenses	322,227	247,315	90,217	332,254
Administrative expenses (incl. interest expense)	543,711	307,770	241,449	276,061
Loss and comprehensive loss	928,973	554,867	331,666	598,187
Basic and diluted loss per share	(0.01)	(0.00)	(0.00)	(0.01)
Total assets	7,373,347	3,128,889	2,827,649	2,828,312
Working capital (deficiency)	511,491	(695,809)	(901,195)	(583,223)

2011 Quarterly Results:	**4th Quarter**	**3rd Quarter**	**2nd Quarter**	**1st Quarter**
	$	**$**	**$**	**$**
Revenue	-	-	-	-
Exploration expenses	113,022	377,264	93,757	303,394
Administrative expenses (incl. interest expense)	342,776	388,146	447,495	572,930
Loss and comprehensive loss	455,771	764,996	540,933	875,480
Basic and diluted loss per share	(0.00)	(0.01)	(0.01)	(0.01)
Total assets	2,862,341	3,018,183	4,289,543	3,114,819
Working capital (deficiency)	(339,147)	(155,411)	568,397	134,497

* As previously disclosed in annual MD&A for the year ended December 31, 2012, the results of the three months ended September 30, 2012 were adjusted for the reclassification of the first payment of $350,000 made for Bell Mountain acquisition project from exploration expenses into Mineral Properties on the face of the balance sheet. The Company's accounting policy requires that the acquisition costs, which include the cash consideration, option payment under the earn-in arrangement, the fair value of common shares issued for mineral property interests are deferred until the property is placed in development, sold or abandoned or determined to be impaired.

The administrative expenses, including the interest and accretion expense for the three months ended September 30, 2013 in the amount of $368,807 (2012: $307,552) are comprised of the following: professional fees (legal mainly) of $89,881 (2012: $74,210); investor relations and shareholder services of $44,798 (2012: $55,482); office maintenance of $42,748 (2012: $53,242); administrative support of $54,448 (2012: $33,602); consulting and management fees of $37,072 (2012: $84,934), share-based compensation of $Nil (2012: $7,513), travel expenses of $12,309 (2012: $7,002), depreciation of office furniture and equipment of $785 (2012: $1,824), unrealized foreign exchange gain of $6,789 (2012: $14,968) and interest and accretion expense of $93,555 (2012: $4,711). The administrative expenses in the 3rd quarter of 2013 are consistent to the previous corresponding period, except for the interests and accretion costs due to the financing arranged at the end of 2012 period (Bell Mountain acquisition, convertible debenture and additional loans from directors).

2. Project Summaries and Activities

PROJECTS - Overview

Pine Grove Property, Nevada – In December 2011, Lincoln announced a positive Preliminary Economic Assessment ("PEA") on the proposed open-pit mining and heap-leach operation at its Pine Grove project. The PEA reports a combined total of Measured and Indicated resources of 203,900 ozs gold and Inferred resources of 43,100 ozs gold (see table in Pine Grove Property discussion). Lincoln is aggressively advancing the project towards production via permitting and further technical work. Metallurgical work was completed in Q3 and reports were issued in mid-October. Permitting studies also progressed during Q3 but were halted in Q3. No physical exploration work was carried out during the quarter.

Bell Mountain Property, Nevada - In November 2012, Lincoln finalized a purchase agreement with Laurion Mineral Exploration Inc. to earn a 100% interest in the Bell Mountain property in Churchill County, Nevada. On December 19, 2012, the Company announced that it had filed an updated NI 43-101 compliant technical report for the Bell Mountain project. The report summarizes estimate of Measured and Indicated resources at 265,634 ozs gold and Inferred resources at 45,412 ozs gold. Lincoln plans to advance the project with a Preliminary Economic Assessment during 2013. Metallurgical core drilling and in-fill reverse-circulation (RC) drilling commenced in early April and geotechnical core drilling was initiated in early May. Field studies supporting permitting were also initiated. No work was carried out in Q3 due to lack of funds.

Plans are to mine Pine Grove and Bell Mountain project together.

Oro Cruz Property, California - The Oro Cruz property has excellent potential for open-pit and underground mining. An Inferred resource was reported in a NI 43-101 Technical Report in September 2010. Lincoln's immediate goal is to increase and advance the 376,600 Inferred ozs gold to Measured and Indicated categories by drilling. No physical exploration work was carried out on the project during the quarter owing to arbitration with Elgin Mining which is now resolved. The Company now plans to increase the confidence level of the resources by confirmation drilling in the vicinity of the existing Oro Cruz pit. Confirmation drilling is expected to elevate portions of the inferred resources into the "measured" and "indicated" categories.

La Bufa, Mexico - The large La Bufa property in Chihuahua State encompasses a historical mining district within the Sierra Madre Occidental and has potential for multi-million ounces gold and silver. La Bufa is an exploration-stage project in a major mining district. Past and recent exploration drilling has encountered encouraging results. Lincoln completed a 20-hole core drilling program in December 2011. Significant silver-gold intercepts warrant further offset drilling. Arbitration with Elgin Mining, who funded the 2011 drilling program, has been settled. Lincoln now plans to divest itself of the property.

UNITED STATES

Pine Grove Gold Property, Lyon County, Nevada

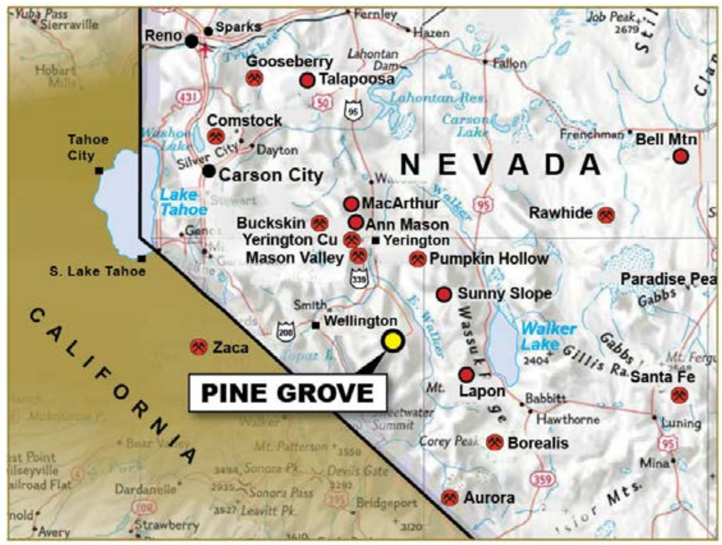
Pine Grove – Overview:

The Pine Grove Property continues as a development-stage gold project with potential for near-term production. The project lies approximately 20 miles south of Yerington, in the Pine Grove Hills, Lyon County, Nevada. The Company has mining leases on the Wilson and Wheeler mines (patented claims) and 243 unpatented claims owned directly by Lincoln. The Company's land position covers the main gold mineralization in the district, exploration targets and adequate land for mine facilities.

Two hundred seventy-three (273) holes have been drilled in the district. Eighty-three (83) holes were drilled in 2009 and 2010 by Lincoln. Some high-grade gold intercepts were encountered. New targets offer potential for additional resources.

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

On December 8, 2011, Lincoln announced that it had received a positive preliminary economic assessment ("PEA") for a proposed open-pit mining and heap-leach operation at its Pine Grove gold project. The PEA, completed by Telesto Nevada Inc., reported combined Measured and Indicated resources total of 6,055,000 tons grading 0.034 opt gold containing 203,900 ozs gold at a cutoff grade of 0.007 opt gold and Inferred resources of 1,596,000 tons grading 0.027 opt gold containing 43,100 ozs gold at a cutoff grade of 0.007 opt gold. Ultimate gold recovery from heap-leach operations is estimated at 75%. Mine life is 6 years with pre-production work in the first year followed by 4 years of production of 26,200 to 28,200 ozs gold per year followed by a final year of pad rinsing. The project is relatively sound with a free cash flow of US $32 million dollars at a gold price of US $1,425 oz.



Pine Grove – Location:

The Pine Grove gold property is located in the Pine Grove Hills, approximately 20 miles south of the town 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 Mine Road turnoff and then 4 miles westward on a Forest Service dirt road to the property.

Pine Grove is the Company's most advanced property. The property consists of the Wheeler gold deposit and the nearby Wilson gold deposit with immediate exploration potential on intervening and surrounding ground. The Company intends to develop additional resources and advance the project to production.

Pine Grove – History:

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

Pine Grove – Geology & Mineralization:

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

Pine Grove – Agreements:

Pursuant to an agreement dated July 13, 2007, Lincoln entered into a mining lease with the Wheeler Mining Company, owner of the Wheeler patented lode claims and mill site (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.

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. 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.

Also, pursuant to an agreement dated August 1, 2007, Lincoln entered into a mining lease option with Lyon Grove LLC, owner of the Wilson patented lode 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 the entire interest in the property (except 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 is covered by a fixed 5% NSR payment on any new claims put into production. A royalty buy-down agreement, effective July 21, 2010, lowers the NSR on the Wilson patented lode 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 (which has now been completed). 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, pursuant to an agreement effective August 23, 2010, Lincoln entered into a purchase agreement with retained royalty with the Estelle D. Cavanaugh Trust, owner of eight unpatented lode claims, one unpatented placer claim, and one unpatented millsite claim. The ten claims are collectively known as the "Cavanaugh claims" and consist of the Southern Cross No. 4, Southern Cross No. 29, Southern Cross No. 30, Highlands, Upper Highlands, Protector, Little Jim, Sentinel, Crown Placer, and Crown Millsite. The purchase also includes three water rights in the Pine Grove drainage. Terms of the purchase include cash payments totaling US$650,000 and the issuance of 400,000 Company shares over a period of three years and a fixed 1.5% NSR. Upon closing, Lincoln paid to the owner US$250,000 followed by US$150,000, in August 2011 followed by US$150,000 in August 2012, and the last payment of US$100,000 to be delayed in August 2013 until funding is available. Upon closing, Lincoln issued to the owner 150,000 Company shares followed by 150,000 shares and 100,000 shares over the next two anniversaries of the agreement. Lincoln has the option to buy down the entire production royalty at a rate of US$75,000 per one-half (0.5%) point at any time up until 3 years after the Lincoln Board of Directors approves mine construction. The last payment of US$100,000 plus $6,000 interest to the owner was made in October 2013.

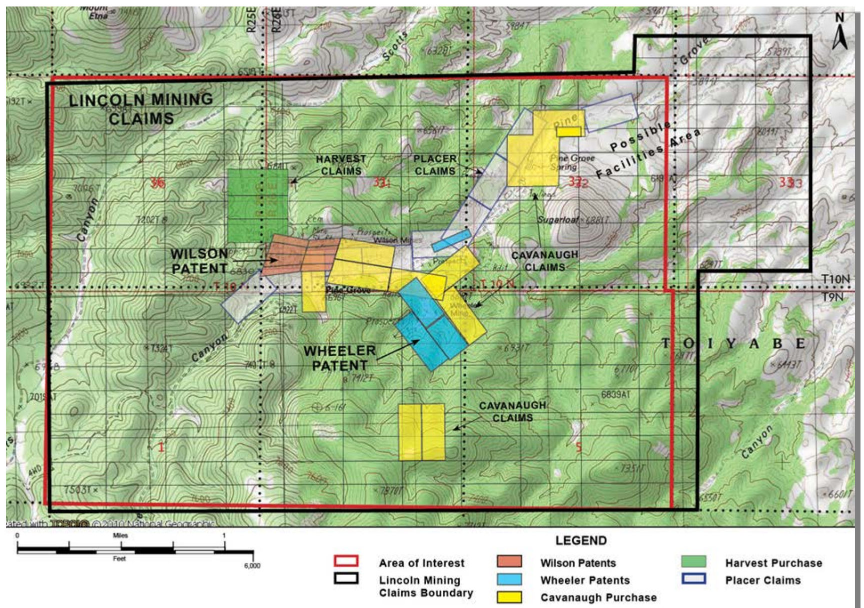
In addition to the aforementioned leases and purchases, Lincoln now has located 221 unpatented lode claims in the names of LGUS 1 through 189, LGUS 219 through 221, and LG 190 through 218. Also, Lincoln has located nine placer claims in the Pine Grove drainage which cover various placer gold ground, historic placer workings, and gold-bearing mine dumps and tailings. Lincoln controls approximately 7 square miles comprising the entire Pine Grove mining district.

In April of 2013, Lincoln purchased 723.97 acre-feet of water rights dedicated to mining and milling (Permit 15825, Certificate 5053) from the Ruth E. Rink 2002 Trust for a single payment of US$20,000. The water rights are located on Lincoln's Pine Grove claim block and are under the jurisdiction of the Nevada Division of Water Resources. The Nevada State Engineer is the head of the Division and may authorize and regulate use of the water resources.

Pine Grove – Work & Claims:

Past drilling at Pine Grove includes 190 holes (68,102 ft.) drilled by Teck Resources from 1989 to 1992, including two core holes. In 2008, Lincoln drilled four metallurgical core holes (799 ft.). 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 approximately 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 southwest, northwest, and northeast. Some new, narrow high-grade gold mineralization was encountered in the southwest and northeast.



Renewed reverse-circulation drilling commenced on July 26, 2010 and eleven (11) shallow holes were drilled on the southern Wheeler deposit with two holes being lost in overburden. Total drill footage was 2,015 ft for an average hole depth of 183 ft. Five of the holes encountered narrow zones of gold mineralization with intercepts ranging from 5 to 15 ft and grading from 0.013 to 0.035 opt gold. The best intercept was in hole WR-124 which encountered shallow gold mineralization from 60 to 75 ft (15 ft) grading 0.035 opt gold.

Initial drilling results show good continuity and distribution of gold mineralization at the Wheeler gold deposit. The Wilson gold deposit appears to need more drilling to develop additional resources amenable to open pit mining. New, high-grade gold intercepts at the Wilson may require consideration of a possible underground mining scenario in the future. Additional step-out drilling is required to develop the full potential of the Wilson gold deposit. Note: Hole WS-17, containing 45 ft grading 0.030 oz per ton gold, is 300 to 400 ft beyond the nearest Wilson deposit drill holes. The intervening ground and beyond may be mineralized and remains untested by drilling. Additional reverse-circulation drilling is warranted and is planned as part of future mine operations.

A soil sampling program was completed in July 2010 extending westward from the Wilson patented claims. North-south sample lines were spaced 100 ft apart with sample stations every 50 ft. All 843 samples collected were assayed for gold and copper. Sample results produced at least six strong gold anomalies trending northward along the western margin of the Wilson patented claims. Subtle northwest-trending gold-in-soil zones were also identified. Copper assays produced a strong anomalous area in the southwestern portion of the Wilson patented claims and an anomaly coincident with the gold anomalies just northwest of the Wilson patented claims. All anomalies are considered excellent drill targets.

Two 8-inch column-leach tests and three 4-inch column-leach tests were begun in February 2010 at McClelland Laboratories in Sparks, Nevada. Test results were reported in September 2010. Column leach tests on 80% material passing -3/8 inch resulted in 77% weighted average gold recovery. For the purpose of modeling, gold recovery of 75% was used over a heap leach period of 150 days.

During November-December of 2010, Lincoln drilled four additional PQ core holes for metallurgical samples. Two holes were drilled on the Wilson and two holes were drilled on the Wheeler for a total of 710 ft. The core was stored at ALS Chemex, Reno, NV, in a dedicated secure storage facility.

Pine Grove – Technical Report

Tetra Tech, Inc. in Golden, Colorado completed a technical report dated March 16, 2011, which is compliant with Canadian National Instrument 43-101. The report was filed on SEDAR (www.sedar.com) on March 21, 2011 under the Company's profile. The updated technical report disclosed combined Indicated resources at 177,000 ozs of gold and a further 115,000 ozs of gold in the Inferred category. The cut-off grade used for this report was 0.010 opt gold.

Pine Grove – Preliminary Economic Assessment

On December 8, 2011, Lincoln announced that it had received a positive preliminary economic assessment ("PEA") on the pro-posed open-pit and heap-leach operations at the Pine Grove gold project. The PEA was completed by Telesto Nevada Inc. of Reno, Nevada. A summary of total Measured and Indicated resources and Inferred resources is presented in the table above. Combined Measured resources (81%) and Indicated resources (19%) within designed pit shells total 3,470,000 tons grading 0.042 opt gold containing 145,000 ozs gold at a cut-off grade of 0.007 opt gold. The base case utilizes a gold price of $1,425 per oz. The PEA recommends two conventional open-pits with a combined stripping ratio of 3:1, including ramps and 50° pit-wall slopes. Contract mining will be employed with a goal to deliver 1 million tons of ore to the crusher per year. The ore will be crushed to 3/8 inch and agglomerated. Ultimate gold recovery from heap-leach operations is projected at 75% with gold stripped from loaded carbon at an independent offsite refinery. Mine life is 6 years with preproduction work in the first year followed by 4 years of gold production of 26,200 to 28,200 ounces per year followed by a final year of pad rinsing. The project is relatively sound with a free cash flow of US $32 million dollars at a gold price of US $1,425 oz." Total direct capital costs are estimated at $22.9 million plus $4.5 million contingency. Projected production cash costs are estimated $799/oz gold recovery on average. The Internal Rate of Return is 31% after royalties, reclamation costs and the Nevada Net proceeds Tax. Free cash flow is estimated at $32.2 million before discounting the Net Present Value. Payback on capital is expected in 32 months. Permitting is in process.

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

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

At a 0.007 opt gold cutoff grade, Inferred Resources are reported at 1,596,000 tons grading 0.027 opt gold containing 43,100 ozs gold. The Wilson deposit is not drilled off and is open in several directions.

The combined gold resources that fall within a pit shell with at a gold price of US$1425 are reported in the table below. Approximately 81% is measured and 19% is indicated. These resources are potentially mineable in two separate pits, the Wilson and the Wheeler.

Measured and Indicated Resources within Pit Shell
At 0.007 opt Au cutoff and $1,425 per oz gold (as at December 8, 2011)

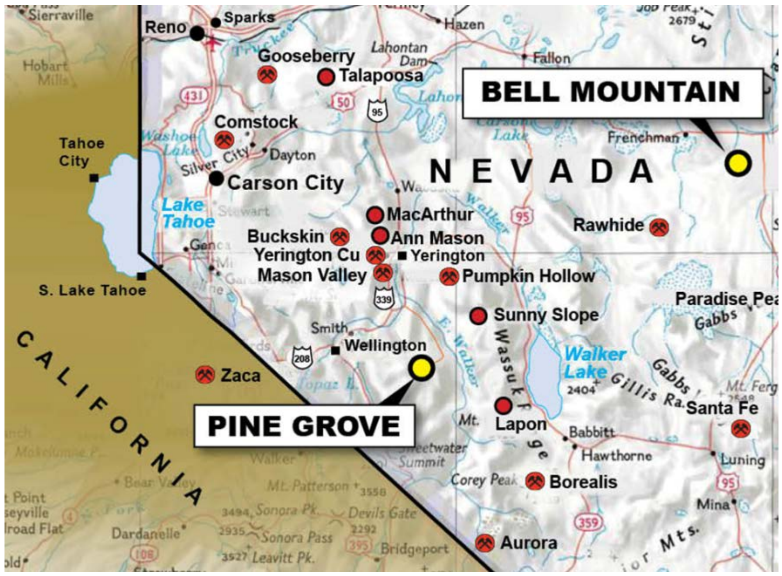
Category	Tons (000s)	Cutoff Grade Gold (opt)	Average Gold Grade (opt)	Contained Ounces Gold
Measured	2,806	0.007	0.041	115,100
Indicated	663	0.007	0.046	30,200
Measured + Indicated	3,469	0.007	0.042	145,300

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

Pine Grove – Recent Activities

In late 2012, the Company renewed aggressive permitting activities for condemnation drilling, geotechnical drilling, monitoring wells, and water wells. JBR Environmental Consultants of Reno, Nevada is assisting Lincoln in the permitting process. Base line field surveys to support permitting were re-initiated at Pine Grove by JBR in 2013 but halted in Q3. During March of 2013, Lincoln initiated four new column leach tests and gravity tests at

McClelland Laboratories in Reno, Nevada. Gravity testing of higher grade material (0.097 to 0.412 opt Au) at 80%-150M feed size showed significant quantities of free milling particulate gold that generally responded very well to gravity concentration with 70.3% to 86.5% gold recovery. One sample tested poorly with 26.5% gold recovery.. Four (4) column leach tests and environmental characterization test work on leached residues were completed during Q2. Final reports were received from McClelland Laboratories on October 11, 2013. Column leach test results on material grading from 0.027 to 0.042 opt Au show that each of the Pine Grove composites was amenable to simulated heap leach cyanidation treatment at an 80%-3/8 inch feed size. Gold recoveries for the Wheeler oxide and sulfide composites were 80.0% and 76.5% respectively. Gold recoveries for the Wilson oxide and mixed composites were 68.4% and 67.6% respectively. Gold recoveries within a given zone were essentially the same regardless of ore type (oxide, mixed, sulfide). Waste-rock characterization test results were received during Q2. The final report was received from JBR Environmental Consultants on October 18, 2013. A total of 73 samples were submitted for static acid-base-accounting tests, 28 from the Wheeler deposit and 45 from the Wilson deposit. Test results indicate that the system is unlikely to be potentially acid-generating. An additional seven (7) samples require 140-day humidity cell tests. This work is pending new funding. Continuation of permitting, geotechnical drilling and condemnation drilling are also pending new funding.



Bell Mountain Gold-Silver Property, Churchill County, Nevada

Bell Mountain – Overview:

The Bell Mountain property is an advanced-stage project with near term potential for open pit gold and silver production. On November 28, 2012, Lincoln Mining announced that the Company had signed a definitive purchase agreement with Laurion Mineral Exploration Inc. ("Laurion") for the purchase and assignment of an option to earn a 100% interest in the Bell Mountain property located in Churchill County, Nevada.

A NI 43-101 technical report dated May 4, 2011, prepared by Telesto Nevada Inc., was filed on SEDAR by Laurion, which disclosed a preliminary equivalent gold and silver resource estimate of Measured and Indicated and Inferred resource categories for Bell Mountain. On December 18, 2012, Lincoln Mining filed a report, prepared by Telesto Nevada Inc., entitled "Amended and Restated NI 43-101 Technical Report for the Bell Mountain Project" (see table for details).

Bell Mountain – Location:

Bell Mountain is located east-southeast of Reno, Nevada in the Fairview mining district, approximately 54 road miles (86 kilometers) from Fallon, Nevada. It is comprised of 174 unpatented lode claims and six mill site claims covering a land package of 1,420 hectares (3,510 acres). The six mill site claims cover a water well approximately 8 miles north of the main claim block. This well is part of the Bell Mountain project and was tested in 2013 at 220 gpm with drinking water quality once the well was flushed.

Bell Mountain is located within the Walker Lane Mineral Trend, which is a major NW-SE trending complex fault system related to major precious metal deposits at Goldfield, Tonopah, Rawhide and Paradise Peak, among others. The Rawhide mine, which produced over 2 million ounces of gold in the 1980-1990's, lies 20 miles (32 km) to the southwest and the Paradise Peak mine, that produced over 2 million ounces of gold in the 1980's, lies 35 miles (56 km) to the southeast. Bell Mountain is located approximately 65 straight line miles northeast of Lincoln's Pine Grove project.

Bell Mountain – History:

The earliest known work at Bell Mountain was in 1914, when W.W. Stockton located claims and began sinking a 15 meter shaft on the vein outcrop of what is now called the Spurr deposit. The only recorded production from Bell Mountain was a 35-ton carload of hand sorted material that averaged 16 gpt gold plus 510 gpt silver shipped by Stockton in 1927. Between 1978 and 1982, American Pyramid Resources prepared a feasibililty study but the project did not go forward. In 1989, N.A. Degerstrom acquired the property and advanced it for production. However, work ceased due to falling gold prices. In 1994 Globex Nevada acquired the property and leased it to various companies. In June 2010, Laurion Mineral Exploration Inc. ("Laurion") optioned the property and prepared a non-compliant geological technical report in August 2010. Subsequently, Laurion filed a NI 43-101 compliant technical report on SEDAR on May 3, 2011. On November 28, 2012, Lincoln Mining announced that the Company had signed a definitive agreement with Laurion and its Nevada subsidiary Laurion Mineral Exploration USA LLC for the purchase and assignment of an option to earn a 100% interest in the Bell Mountain Property.

Bell Mountain – Geology:

The Bell Mountain project is located in the Basin and Range physiographic province and within the Walker Lane Mineral Trend, which hosts major precious metals deposits. The Bell Mountain gold-silver mineralization is structurally controlled and consist of various epithermal calcite/quartz veins hosted within the Tertiary Bell Mountain Caldera. The principal host rocks are a monotonous sequence of stratified rhyolitic ashflow tuffs. The primary control is an east-northeast trending zone of faulting, named the Varga-Spurr fault. To date, three main bodies of gold-silver mineralization have been defined by drilling. These are the Spurr, Varga and the Sphinx deposits. Additional potential exists at East Ridge.

Bell Mountain – Agreements:

In November 2012, the Company entered into a purchase agreement – Bell Mountain Project with Laurion Mineral Exploration Inc. and its Nevada subsidiary Laurion Mineral Exploration USA LLC (together, "Laurion"), pursuant to which the Company's subsidiary (Lincoln Resource Group Corporation) has acquired from Laurion certain unpatented mining claims and the assignment and assumption of Laurion's option (the "Bell Mountain Option") to earn a 100% interest in the Bell Mountain property from Globex Nevada Inc. ("Globex"). Twenty-six core claims are optioned by Laurion from Globex Nevada Inc. under an Agreement dated June 28, 2010. Laurion has the right and option to acquire 100% interest in the Globex property by spending an additional $1,745,000 in exploration expenditures by June 28, 2015.

The purchase price of the transaction is in aggregate of $2,350,000 cash, payable by the Company to Laurion as follows:

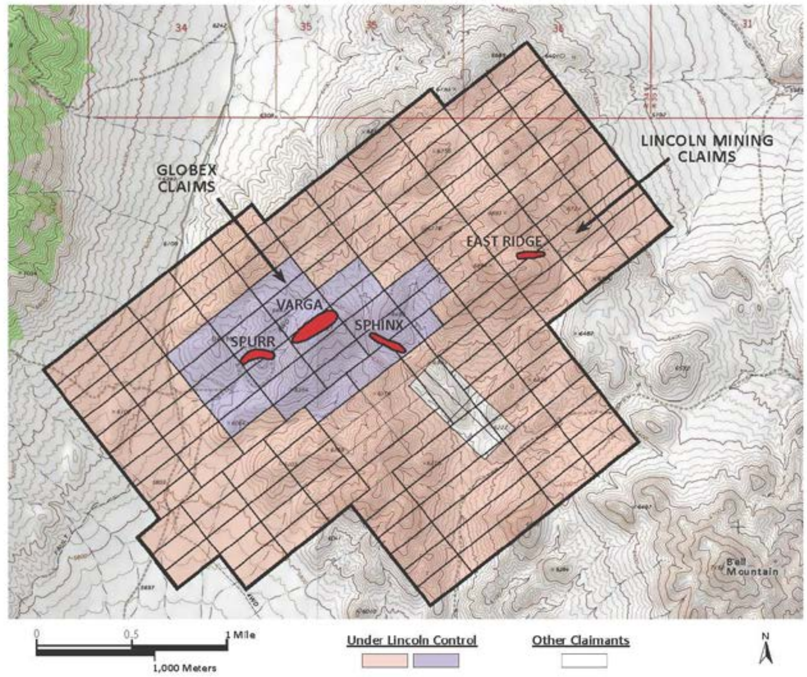
- $350,000 within five business days of all necessary TSXV approvals (paid),
- $350,000 by November 30, 2012 (paid),
- $750,000 on completion of a pre-feasibility study ($350,000 paid). The Company shall use its commercially reasonable efforts to complete the pre-feasibility study by June 30, 2013, and
- $900,000 on or before five months after completion of the pre-feasibility study.

The Bell Mountain property is also subject to two royalties which will take effect upon commencement of commercial production. The first royalty is a 2% net smelter return royalty with N.A. Degerstrom Inc., which can be acquired for US$167,000. In addition, Globex will maintain a sliding-scale gross metal royalty ("GMR") on all mineral production (gold, silver etc.) benchmarked upon the price of gold (1% GMR at a gold price under US$500/troy ounce, 2% GMR at a gold price between US$500 and US$1,200/troy ounce and 3% GMR at a gold price over US$1,200/troy ounce). Pursuant to the Globex Agreement, upon exercise of the option and the acquisition of a 100% interest in the Bell Mountain property from Globex, the Company would be required to pay annually a $20,000 advance royalty payment, which would be credited against the royalty payable to Globex described above.

In December 2012, the Company filed a technical report dated December 18, 2012 entitled "Amended and Restated NI 43-101 Technical Report for the Bell Mountain Project, Churchill County, Nevada" prepared by Telesto Nevada Inc. (the "Technical Report"), in accordance with the requirements of National Instrument 43-101 ("NI 43-101"). The mineral resource in the Technical Report contains no material differences from the mineral resource estimate on the Bell Mountain project previously disclosed in the Company. A summary of the mineral resource estimate in the Technical Report is described below:

The resulting resources reported herein for Bell Mountain were classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") definitions. Resources are reported as measured, indicated and inferred. Gold and silver values were carried in parts per million (ppm) in the database. Grams per metric tonne (g/t) are equivalent to ppm, so the resource is reported in terms of g/t. The resource is also reported in terms of troy ounces per short ton (opt). Results of the modeling indicate the presence of an estimated NI 43-101 compliant measured and indicated mineral resource and inferred resources at Bell Mountain.

LINCOLN MINING CORPORATION
Bell Mountain Project Claim Blocks



Bell Mountain – Work & Claims:

The project consists of 174 unpatented - lode claims and six (6) mill site claims (not shown) located on BLM land. Proposed mining activities will be subject to Federal land use regulations as well as State of Nevada regulations. Over the past 21 years multiple companies have drilled at Bell Mountain for a total of 288 drill holes totaling 57,742 ft, including Lincoln drilling in 2013. Of this drilling, 227 holes for over 35,000 ft with 8,727 assays are in the present resource data base.

The following table is a resource estimate for the Bell Mountain property as disclosed in the NI 43-101 technical report, prepared by Telesto Nevada Inc., for Lincoln Mining and filed on SEDAR on December 18, 2012:

All Gold, Silver and Gold-Equivalent Measured and Indicated Resources at Bell Mountain at 0.192 g/t AuEQ Cutoff

Category	Tonnes (000s)	Tons (000s)	Gold				Silver				Total Ounces of Gold Equivalent (oz AuEQ)
			Gold Cutoff Grade (g/t)	Average Grade		Gold (oz)	Average Grade		Silver (oz)	Ounces of Silver as Gold Equivalent	
				Gold (opt)	Gold (g/t)		Silver (opt)	Silver (g/t)			
Measured	5,952	6,561	0.192	0.015	0.531	101,534	0.485	16.62	3,180,127	57,820	159,355
Indicated	3,810	4,199	0.192	0.015	0.518	63,484	0.561	19.22	2,353,780	42,796	106,280
Measured + Indicated	9,761	10,760	0.192	0.015	0.526	165,018	0.514	17.63	5,533,907	100,616	265,635

All Gold, Silver and Gold-Equivalent Inferred Resources at Bell Mountain at 0.192 g/t AuEQ Cutoff

Category	Tonnes (000s)	Tons (000s)	Gold				Silver				Total Ounces of Gold Equivalent (oz AuEQ)
			Gold Cutoff Grade (g/t)	Average Grade		Gold (oz)	Average Grade		Silver (oz)	Ounces of Silver as Gold Equivalent	
				Gold (opt)	Gold (g/t)		Silver (opt)	Silver (g/t)			
Inferred	2,046	2,255	0.192	0.013	0.449	29,550	0.387	13.26	872,411	15,862	45,412

Bell Mountain – Recent Activities:

During Q1, Lincoln completed permitting and bonding for metallurgical core drilling, geotechnical core drilling, and infill RC drilling on the Spurr, Varga, and Sphnix deposits. Drilling commenced in Q2 on April 6 and continued with two drill rigs through June 11, 2013. Due to the loss of funding, three (3) RC holes were not drilled and five (5) RC holes remain to be assayed. A total of 34 holes were drilled for a total footage of 8,295.0 ft of which 33.6% was core and 66.4% was RC drilling. Eight (8) PQ metallurgical core holes were drilled for a total 1,617.0 ft. The core is securely held by McClelland Laboratories for processing and column leach tests once new funding is acquired. Five (5) geotechnical core holes were drilled for a total of 1,173.0 ft. The purpose of this drilling was to determine future pit wall stability parameters. Golder Associates was contracted to handle the specialized core logging and conduct various tests on the core. Owing to the loss of funding, no report has been written to date. Twenty-one (21) infill RC holes were completed for a total of 5,505 ft. Assays have been received from 16 holes which will be incorporated into a new resource model. The remaining five (5) RC holes will be submitted for assay as funding becomes available. All duplicate RC samples, geotechnical core, and RC bulk rejects and pulps are securely stored in a locked warehouse in Fallon, Nevada.

The weather station that was installed on the Bell Mountain property during Q1 was removed from the property during Q2 by order of the Committee on Foreign Investment in the United States. The weather station will be re-established once normal working conditions are achieved.

Field studies were conducted at Bell Mountain by JBR Environmental Consultants in an effort to fast-tract permitting. The "Waters of the U.S." field study and report were completed and hand delivered on September 19, 2013 to the U.S. Army Corp. of Engineers for review and determination of jurisdiction. The biology base line field survey was completed.

Lincoln plans to advance Bell Mountain to production once new funding is secured.

Oro Cruz Gold Property, Imperial County, California

Oro Cruz – Overview:

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

Historic mining from between 1890-1916 and again in 1932-1941 produced in excess of 150,000 ozs gold. More recently, MK Gold Company produced 61,000 ozs gold in one year, 1995-96, from both open-pit and underground mining. Mining ceased in 1996 due to low gold prices. Prior to cessation, MK Gold was conducting a significant pit wall push back to reach in-place "ore." Gold mineralization remains exposed in the open-pit and in underground workings. Numerous targets remain untested.

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

Lincoln Mining has recently settled its arbitration with Elgin Mining Inc. and plans to move the project forward once adequate funding becomes available.

Oro Cruz – Location:

The Oro Cruz project is located northwest of Yuma, Arizona, in the Tumco mining district within in the Cargo Muchacho Mountains, Imperial County, California. All-weather access is excellent and takes about 35 minutes from Yuma, Arizona, via Interstate Highway 8 westward from Yuma, Arizona, approximately 13 miles to paved county road S34, then northeast approximately 8 miles to Tumco. Dirt roads provide property access. Some local access restrictions exist owing to historic mine ruins. The area has electrical power from the state grid. Logistics are excellent for mining.

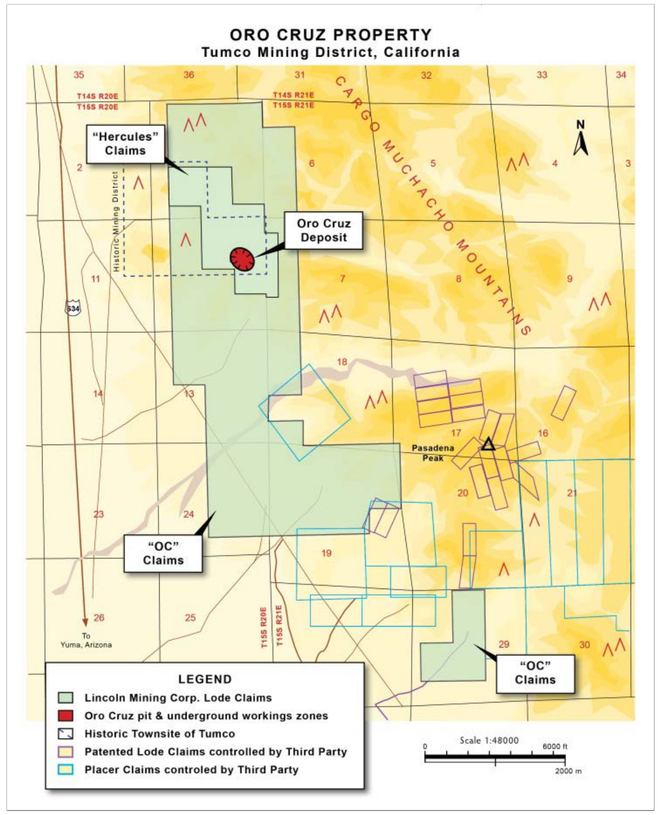
Oro Cruz – History:

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

Oro Cruz – Geology & Mineralization:

The local geology consists largely of Jurassic schist and gneiss of the Tumco Formation. Conspicuous white Tertiary pegmatite dikes and latite dikes cut the metamorphic terrain. The main Oro Cruz gold deposit is an irregular, elongate, tabular zone that dips approximately 25° downward from the open-pit floor for at least 1,800 ft. Mineralized thicknesses are variable at multiple tens of feet. Lesser parallel zones of mineralization are also present. The deposit remains open down-dip with the last vertical hole containing 57.5 ft grading 0.389 oz per ton gold (not true thickness).

Oro Cruz – Agreements & Claims:



On February 22, 2010, 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 gold mineralization and an underground ramp that 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 20 core Oro Cruz claims, Lincoln staked 68 contiguous lode claims in November of 2009. In November of 2010, the Company located an additional 63 lode claims to cover potential targets areas south of the main claim group. The entire land position encompasses 151 lode claims comprising approximately 3,000 acres.

Oro Cruz – Work:

In early 2010, Lincoln contracted Atkinson Underground LP ("Atkinson") of Golden, Colorado to open and inspect the underground decline and ventilation shaft system. The decline was reported to be in good condition and the mine air is good. The air and water lines appear to be in usable condition. Copper electrical wire has been stolen. CAL-OSHA inspectors conducted a courtesy inspection of the underground workings in early 2010 with no negative comments. The Company has welded the underground portal closed to prevent future unlawful entry by trespassers. The portal can be reopened as necessary.

The Oro Cruz data base consists of 431 surface drill holes and 60 underground drill holes. In addition, there is information from 13,628 blast holes and 2,960 underground samples. The data base contains 17,586 assays plus assays from 1,684 surface samples. In January 2010, these data, along with geologic information, were provided to Tetra Tech, Inc. of Golden, Colorado for preparation of a technical report compliant with Canadian National Instrument 43-101. The final report was submitted to the Company on September 21, 2010. A resource summary for Oro Cruz is presented in the table below.

In February 2010, Lincoln acquired 20 "Hercules" lode claims that cover the Oro Cruz gold deposit. Thereafter, the Company staked additional contiguous lode claims and Lincoln's land position now totals 151 claims covering an area of approximately 3,000 acres. In September 2010, Lincoln filed a NI 43-101 technical report prepared by Tetra Tech, Inc. detailing an Inferred gold resource of 376,600 ozs gold contained in 7,860,000 tons with an average grade of 0.050 opt gold. The report recommends a work plan to potentially upgrade the resource to Indicated and Measured category. In March 2011, Lincoln entered into an exploration financing agreement with Elgin Mining Inc. As a commitment under the agreement, Elgin agreed to fund $3 million on exploration at Oro Cruz, prior to earning any interest in the property.

(in Canadian dollars, unless otherwise stated)

Oro Cruz Gold Resources – September 2010

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

Tetra Tech recommended a twin-hole drilling program to validate the deposit and upgrade the resource category. Lincoln plans to eventually drill approximately 28 twin holes plus additional oriented core holes for geotechnical purposes. Tetra Tech also recommended bulk density testing, preliminary metallurgic test work, location of a suitable water and power source, and baseline environmental studies.

Oro Cruz – Recent Activities:

In April 2011, Lincoln conducted aerial photography over the mining district as part of the new base map program. In September 2012, Lincoln announced that it had terminated its agreement with Elgin Mining Inc., due to certain unfulfilled obligations by Elgin. No significant work was conducted during late 2012 and 2013 owing on-going arbitration with Lincoln's partner on Oro Cruz, Elgin Mining Inc. The arbitration has been settled in 2013. Initially, Lincoln was prepared to drill the down-dip extension of the gold mineralization from the surface as indicated in the attached figure. Lincoln is now reassessing its drilling options to possibly include underground drilling. Permitting will be a key issue in advancing this project towards production.

MEXICO

La Bufa Gold-Silver Property, Chihuahua, Mexico

La Bufa – Overview:

The La Bufa Property is a gold-silver exploration project. The property consists of four concessions in the Guadalupe y Calvo mining district of southwestern Chihuahua State, Mexico. The concessions cover an area of 2,300 hectares (5,711 acres) and extend along a 9 km long mineral trend. La Bufa surrounds the historic area of production from the Rosario mine, which is now held by Endeavour Silver Corp.

Past core drilling by Lincoln in 2008 and by Grid Capital in 2004 produced encouraging results. Widely spaced core drilling was conducted to get a better perspective of vein system on the property. Encouraging drill hole intercepts ranged up to 2.5 m in width and graded from 0.12 opt to 0.31 opt gold and 8.2 opt to 15.1 opt silver. A total of 17 core holes (5,478 m) have been drilled in the southern concession. Lincoln filed an amended and restated NI 43-101 technical report on La Bufa in February 2009. The report recommended continued drilling and other work to develop drill targets in the La Bufa northern concession.

In early 2010 Lincoln completed a geophysical and soil sampling program over a portion of the northern La Bufa concession and new target areas were identified. A drill program was developed to test new targets in the north and in the vicinity of the Rosario mine. Work to develop drill roads and pad areas began in late spring 2011. A drill program of 20 core holes began in mid-July 2011 and work on the project continued until late November. Drilling has confirmed the presence of anomalous gold-silver mineralization in high-angle quartz breccia veins and stockworks. Significant silver-gold intercepts from the drill program warrant further drilling.

Lincoln Mining, with its joint venture partner Elgin Mining Inc. ("Elgin Mining"), conducted the drill program at La Bufa in 2011. However, in September 2012, Lincoln announced that it had terminated its agreement with Elgin Mining due to certain unfulfilled obligations.

La Bufa – Location:

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 gold-silver 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. AuRico Gold Inc. (formerly Gammon Gold Inc.) presently controls the concessions that cover the historic mine. AuRico also controls very large concessions surrounding the Company's land position in the main district.

La Bufa – Agreements:

See section in 'Recent Activities' regarding the Exploration Financing Agreement with Elgin Mining Inc.

La Bufa – Claims & History

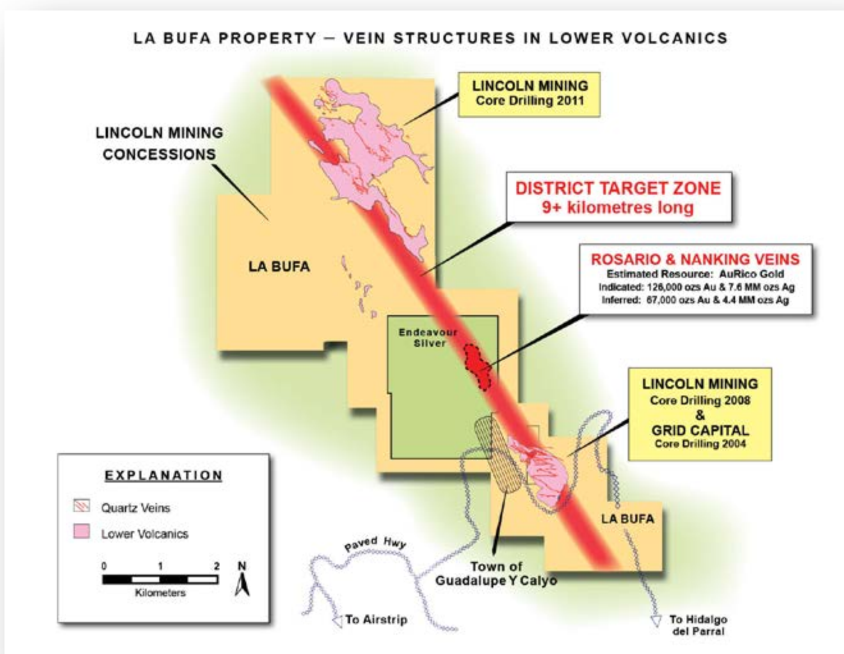
Lincoln originally held the La Bufa Property under a Joint Venture agreement with Almaden Minerals through their Mexican subsidiary Minera Gavilan, S.A. de C.V. In February 2010, Lincoln acquired 100% interest in La Bufa by issuing to Almaden six million shares and granting to Almaden a 2% NSR on all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

La Bufa – Geology & Mineralization

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."

La Bufa – Work:

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 in the southern portion of the Property for a total of 4,811.85 m. The widely spaced holes focused on the El Rosario vein system which extends onto the Company's ground. Encouraging results were received from along a 300 m strike of the vein system within 400 m of the El Rosario mine property boundary. Previous drilling by Grid Capital Corp. in 2004 within the same general area also had good drill intercepts. Drilling results in the southern area suggest that significant gold-silver mineralization



(in Canadian dollars, unless otherwise stated)

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, mapped, and sampled in difficult terrain. Based on 234 rock-chip samples and geophysical anomalies, three new target areas were identified. Geophysical data suggest that the targets may extend to depths over 300 meters.

A drill program was developed to test new targets in the north concession and in the vicinity of the Rosario mine. Work to develop drill pads and pad areas began in late Spring 2011.

Lincoln received permission from the Ministry of Environmental and Natural Resources, Semarnat (Secretaria de Medio Ambiente y Recuersos Naturales) to carry out its planned 5,000-meter drill program in the northern portion of the La Bufa Property. The Company contracted Perforaciones Corebeil SA de CV of Mazatlan to conduct the core drilling program which commenced on July 14, 2011 and was completed on November 29, 2011. Drilling began with hole LB-13 and was completed with hole LB-32 for a total of 5,091.80 m with an average hole depth of 254.6 m. All holes were drilled at angles ranging from -45° to -75°. Hole depths ranged from 151.50 to 787.50 m. Core recovery was excellent. All assays have been received. Drill hole intercepts reported here are apparent and do not represent true thicknesses.

Summary of Anomalous Gold and Silver in La Bufa Core Holes

(NA=Not Applicable)

Hole No.	Target Area	TD (m)	Angle	No. Quartz Zones	Best Gold (gpt)	Best Silver (gpt)	From (m)	To (m)	Intercept (m) (not true thickness)
LB-13	1	232.00	-65	4	1.28	4.4	23.73	25.33	1.60
LB-14	1	226.50	-45	2	0.355	3.0	3.0	7.50	4.50
LB-15	1	151.50	-65	0	NA	NA	NA	NA	NA
LB-16	1	181.00	-60	1	NA	NA	NA	NA	NA
LB-17	1	231.50	-45	5	0.216	0.8	184.50	187.50	3.00
					0.652	1.8	214.40	215.40	1.00
LB-18	1	220.50	-45	2	0.064	1.5	170.55	171.80	1.25
LB-19	1	247.50	-45	5	NA	NA	NA	NA	NA
LB-20	1	255.00	-65	2	0.239	1.5	24.00	26.00	2.00
LB-21	1	258.00	-70	5	1.66	10.2	57.60	58.50	0.90
LB-22	2	247.50	-75	4	0.293	6.4	162.00	163.50	1.50
					4.38	11.6	179.50	181.00	1.50
					0.538	1.6	184.00	185.50	1.50
					1.16	6.6	220.70	222.00	1.30
					0.144	2.4	223.50	225.10	1.60
LB-23	2	169.20	-75	4	0.341	8.5	49.50	50.20	0.70
					0.481	249	116.50	118.00	1.50
LB-24	2	231.00	-60	6	0.038	19.5	6.00	7.50	1.00
					0.016	28.7	194.50	200.50	6.00
LB-25	2	225.00	-60	5	0.122	5.4	198.50	199.50	1.00
LB-26	2	256.50	-45	9	0.110	4.1	18.00	19.50	1.50
					0.712	3.1	73.50	75.00	1.50
LB-27	2	248.40	-80	6	0.106	4.1	124.50	126.00	1.50
					0.151	1.3	187.50	189.00	1.50
					0.388	11.8	244.50	245.70	1.20
LB-28	Other	189.40	-70	7	0.437	11.4	18.00	19.50	1.50
					0.122	21.6	27.00	29.70	2.70
					0.355	6.7	36.00	37.50	1.50
					0.146	0.5	151.50	153.00	1.50
LB-29	2	307.5	-75	10	0.580	28.5	42.00	43.50	1.50
					0.119	4.9	58.00	58.50	0.50
					0.127	0.2	148.50	150.00	1.50
					1.355	4.5	157.50	159.00	1.50
					0.119	2.8	190.50	192.00	1.50
					0.136	0.3	205.50	207.00	1.50
LB-30	Other	163.50	-50	3	NA	NA	NA	NA	NA
LB-31	Other	262.30	-65	7	0.728	0.9	67.50	69.00	1.50
					0.208	1.3	160.50	162.00	1.50
					0.238	8.2	237.00	238.50	1.50
LB-32	Deep Target	787.50	-65	0	NA	NA	NA	NA	NA
20 holes		**5,091.30**		**87**					

Anomalous gold-silver mineralization is widespread and was encountered by the drilling program in multiple stockwork, breccia, and vein zones. Two to six quartz-bearing zones are present in most drill holes. Stockwork zones are prevalent and are commonly 9 to 20+ m in apparent thickness. The thickest stockwork intercept is 55 m (not true thickness). Most gold assays range from no detection to continuous down-hole strings of 0.0X and 0.X gpt gold. The best gold intercept is in hole LB-22 which hit 4.38 gpt gold attended by 11.6 gpt silver from 179.5 to 181.0 m (1.5 m; not true thickness) hosted in Tertiary andesite with quartz veinlets. Silver values are commonly in continuous down-hole strings of less than 1 gpt punctuated with higher values running 1 to 4+ gpt. The best silver intercept is in hole LB-23 which hit 249 gpt silver attended by 0.481 gpt gold from 116.5 to 118.0 m (1.5 m; not true thickness) hosted in Terrtiary andesite with quartz veinlets. Base metals (Cu, Pb, Zn) are commonly associated with ore-grade gold-silver mineralization within the district. The lack of significant base metals in the drill assays suggests that ore-grade gold-silver mineralization maybe deeper in the system. Follow-up drilling is warranted.

Lincoln Mining and Elgin Mining Inc. Exploration Financing Agreement (Oro Cruz & La Bufa)

On June 30, 2011, the Company announced that it had entered into an option agreement (the "Agreement") granting Elgin Mining Inc. ("Elgin") the exclusive right and option to acquire up to a 60% undivided interest in each of Lincoln's Oro Cruz and La Bufa properties by funding expenditures totaling $10,000,000 over a maximum four year period.

Pursuant to the Agreement, Elgin shall as a binding commitment (the "Initial Exploration Commitment") fund an initial aggregate amount of $4,000,000 in exploration expenditures on the Properties ($3,000,000 on Oro Cruz and $1,000,000 on La Bufa) over a period of up to two years from the date of the Agreement prior to earning any interest in the Properties. On the date that the Initial Exploration Commitment has been satisfied (the "Option Acquisition Date"), Elgin will have acquired the exclusive right and option to earn up to a 60% interest in each Property on the basis of a 20% interest earned in a Property for each $1,000,000 in additional expenditures funded on the Property over a two year period following the Option Acquisition Date. If within two years of the Option Acquisition Date, Elgin fails to fund at least $1,000,000 in respect of a Property, Elgin shall acquire no interest in that Property. The parties have agreed to negotiate and enter into a formal option and joint venture agreement, based on the terms of the Agreement, following the Option Acquisition Date. Lincoln will continue to be the operator of the Properties until such time as Elgin has earned a greater than 50% interest in a Property, at which time Elgin will be entitled to be the operator of such Property.

The Company received $1,380,500 in 2011 from Elgin pursuant to this agreement and incurred exploration and capital expenses of $1,412,080 for the year ended December 31, 2011. Operational and funding delays have necessitated a review of the agreement, which process is currently underway.

In September 2012, The Company announced that the letter agreement with Elgin Mining Inc. has been terminated by Lincoln as certain obligations under the agreement have not been fulfilled by Elgin. Elgin has disputed the validity of Lincoln's termination of the Agreement and the parties proceeded to arbitration under the terms of the Agreement to address and resolve the dispute. The Agreement required Elgin to fund certain exploration expenditures on the Oro Cruz and La Bufa properties by making payments on certain dates, so as to earn by June 30, 2013 the right to an option entitling Elgin to acquire an interest in the properties. Work on both the Oro Cruz and La Bufa properties has been delayed as a result of the dispute and arbitration process.

In June 2013, Elgin Mining Inc. ("Elgin"), and the Company (together, the "Parties") have signed a full and final Settlement Agreement (the "Settlement"). Under the Settlement, the Parties have decided to terminate the Agreement in relation to the La Bufa and Oro Cruz properties for the following consideration:

• Lincoln paid $350,000 cash to Elgin upon execution of Elgin's quitclaim deed in relation to the Oro Cruz property, at which time control of the Oro Cruz property reverted to Lincoln; and

• Lincoln shall take all commercially reasonable steps to market and sell the La Bufa property; the net proceeds of such sale (after allowable expenses) to be split equally between the Parties.

Currently, a sale of the La Bufa property is not imminent.

<u>New Opportunities</u>

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

(in Canadian dollars, unless otherwise stated)

3. Outstanding Share Data

The Company has an authorized share capital of an unlimited number of common shares, of which 158,860,203 were issued and outstanding as at the date of this report.

The Company has outstanding a total of 454,544 full share equivalent warrants outstanding as at the date of this report at price of $0.22 per share and 4,425,000 options with exercise prices from $0.19 to $0.29.

4. Related Party Transactions

The following transactions were carried out with related parties:

Key management personnel – services rendered and other compensation

Key management includes offices and directors – executive and non-executive. The compensation paid or payable to key management personnel for the services rendered during the nine month period ended September 30, 2013 and 2012 is following:

	Nine months ended September 30, 2013	Nine months ended September 30, 2012
	$	$
Directors fees	37,760	45,000
Management fees	81,000	81,000
Exploration expenses	179,361	81,576
Consulting fees	-	188,193
Administrative support	35,398	-
Share based compensation	-	32,379
Total	**333,519**	**428,148**
Outstanding balance included in accounts payable:	**52,608**	**287,342**

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

Entities with common directors

The amount of transactions which have been entered into with Golden Band Resources Inc., where the Company has directors in common during the period ended September 30, 2013 as well as balances with the related party as at September 30, 2013 and December 31, 2012:

	Nine months ended September 30, 2013	Nine months ended September 30, 2012
	$	$
Reimbursement of expenses	11,561	-

	September 30, 2013	December 31, 2012
	$	$
Outstanding balance included in other receivable	4,398	**-**

Directors Loans

During the reporting period the Company received $650,000 unsecured demand loan from Prairie Enterprises (Alberta) Inc. to fund Lincoln's current working capital requirements. Prairie Enterprises (Alberta) Inc is owned and controlled by Edward Yurkowski, who is a director of the Company. The Loan bears interest at 10% per annum, calculated and payable on the first day of each month.

(in Canadian dollars, unless otherwise stated)

The Company also received an additional $300,000 of demand loan from James Dales, a director of the Company, to fund Lincoln's current working capital requirements. The Loan bears interest at 10% per annum, calculated and payable on the first day of each month. Under the terms of the loan, the Company has granted Mr. Dales a security interest in the Company's portion of the proceeds from any future sale of the La Bufa property.

5. Liquidity and Solvency

The following table summarizes the Company's cash on hand, working capital (deficiency) and cash flows:

	September 30, 2013	**December 31, 2012**
	$	**$**
Cash	331,478	2,202,131
Working capital (deficiency)	(2,926,501)	511,491
Long-term debt	2,138,237	2,089,719

	Nine months ended September 30, 2013	**Nine months ended September 30, 2012**
	$	**$**
Cash used in operating activities	(2,415,029)	(1,147,013)
Cash used in investing activities	(405,624)	(350,000)
Cash provided by financing activities	950,000	1,421,201
Change in cash	(1,870,653)	(75,812)

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

6. Commitments

In accordance with the final Settlement Agreement with Elgin Mining Inc., Lincoln shall take all commercially reasonable steps to market and sell the La Bufa property; the net proceeds of such sale (after allowable expenses) to be split equally between Lincoln and Elgin.

The Company has granted Mr. Dales a security interest in the Company's portion of the proceeds from any future sale of the La Bufa property under the terms of the loan agreement.

In addition to commitments disclosed elsewhere in the Management Discussion, pursuant to a premises lease, the Company's minimum annual commitments as at September 30, 2013 are as follows:

No later than 1 year	$112,075
Later than 1 year and no later than 5 years	$46,698

7. Capital Resources

The Company's capital resources as at December 31, 2012 included cash. The Company's primary sources of funding are equity financing through the issuance of stock, debt financing. The Company has no operations that generate cash flows and its long term financial success is dependent on discovering properties that contain mineral reserves that are economically recoverable.

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

8. Off-Balance Sheet Arrangements

None.

9. Proposed Transactions

The Company will seek shareholder approval to consolidate the Company's common shares on the basis of one (1) post-consolidation common share for every five (5) pre-consolidation common shares. Shareholders will be asked to approve the share consolidation by majority vote at the Company's annual general and special meeting of shareholders set for Monday September 16, 2013.

Management believes the share consolidation will provide the Company with greater flexibility in its ability to finance the Company and advance its projects. The Company currently has no plans to change its name in connection with the proposed share consolidation. The share consolidation will be subject to applicable regulatory approval including the TSX Venture Exchange.

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

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

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations, and may require management to make judgments or rely on assumptions about matters that are inherently uncertain. The interim condensed consolidated financial statements for the nine months ended September 30, 2013 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2012.

The accounting policies followed in these interim financial statements are consistent with those applied in the Company's most recent annual financial statements for the year ended December 31, 2012.

11. Critical Accounting Estimates and Judgments

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

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

Recoverability of mineral property interests

Management has determined that mineral property costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

Company's title on mineral property interests

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

Provision for environmental rehabilitation

The Company's estimates of future rehabilitation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

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

Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

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

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

12. Financial Instruments. Risk management

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

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. The Company does not believe it is exposed to significant foreign exchange risk.

Credit risk

The Company's cash is largely held in large Canadian financial institutions. 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. 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 currently 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.

13. 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 properties that 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.

14. Trends

Trends in the industry can materially affect how well any junior exploration company is performing. There are two trends that seem to affect the well-being of junior miners. One is the price of the commodity, which is being produced and the other is the general market condition. Over the last few years the trend in the prices of precious metals, in particular gold and silver, has been upward on the spot basis as well as the average trailing prices of the metals. Recently the price of gold has trended downward. There is no guarantee that the price of gold will recover in the short term however if supply and demand forces have an impact on the price of gold then gold values should improve.

The other aspect is the general stock market conditions. Unfortunately, the junior mining sector has been under tremendous negative pressure in the market and this condition is expected to continue. Lincoln is committed to advance its properties to production as quickly as possible to get into a cash flow position. There has been some indication in the latter part of Q3 that the junior market is starting to recover. The overall index for juniors has started to improve.

15. Outlook

The outlook for precious metals appears to be flat at present. Lincoln's advanced-stage properties, Pine Grove, Bell Mountain 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. Lincoln management believes that the Company is on its way to becoming a new junior gold-silver producer in the United States, where there is no threat to mineral tenure or repatriation of mining profits.

Cautionary Statement

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