



**LINCOLN GOLD MINING INC.**

**UNAUDITED CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS**

**for the three months ended March 31, 2023**

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## Notice to Reader

Management has prepared the unaudited condensed interim consolidated financial statements for Lincoln Gold Mining Inc. (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 interim financial statements for the three-month period ended March 31, 2023.

**LINCOLN GOLD MINING INC.**  
**Condensed Interim Consolidated Statements of Financial Position**

(Unaudited)

As at March 31, 2023 and December 31, 2022

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

	Note s	March 31, 2023 \$	December 31, 2022 \$
<b>Assets</b>			
Current assets			
Cash		64,058	18,279
Receivables	12	9,481	12,229
Prepaid expenses		6,900	1,377
		80,439	31,885
Non-current assets			
Equipment	4	25,945	29,041
Right-of-use asset	5	27,969	41,954
Deposits		12,250	12,250
Mineral properties	6	874,467	870,380
		940,631	953,625
<b>Total assets</b>		<b>1,021,070</b>	<b>985,510</b>
<b>Liabilities and shareholders' deficiency</b>			
Current liabilities			
Accounts payable and accrued liabilities	7	730,713	755,228
Due to related parties and former related parties	12	1,642,651	1,559,855
Lease liability	9	30,439	45,099
Loans payable	10	94,853	101,958
Promissory notes	11	1,262,860	998,479
		3,761,516	3,460,619
Non-current liability			
Provision for environmental rehabilitation	8	87,965	88,036
<b>Total liabilities</b>		<b>3,849,481</b>	<b>3,548,655</b>
<b>Shareholders' deficiency</b>			
Share capital	13	26,964,223	26,964,223
Capital reserves	13	3,404,250	3,404,250
Deficit		(33,196,884)	(32,931,618)
<b>Total shareholders' deficiency</b>		<b>(2,828,411)</b>	<b>(2,563,145)</b>
<b>Total liabilities and shareholders' deficiency</b>		<b>1,021,070</b>	<b>985,510</b>

Nature of operations (Note 1)

Approved and authorized by the Board on May 30, 2023.

<u>"Paul Saxton"</u> Paul Saxton	Director	<u>"Andrew Milligan"</u> Andrew Milligan	Director
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**LINCOLN GOLD MINING INC.****Condensed Interim Consolidated Statements of Loss and Comprehensive Loss***(Unaudited)**For the three months ended March 31, 2023 and 2022**(All amounts are in Canadian Dollars, unless otherwise stated)*

	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>Exploration expenses</b>	6, 12	<b>\$ 47,313</b>	<b>\$ 49,347</b>
<b>Administrative expenses</b>			
Consulting and management fees	12	80,180	40,110
Depreciation	4,5	17,081	17,081
Foreign exchange loss (gain)		7,135	(27,622)
Investor relations and shareholder services		19,726	3,594
Office maintenance		21,758	30,375
Professional fees	12	26,307	11,084
Travel		6,772	41
		<b>178,959</b>	<b>74,663</b>
<b>Other expenses</b>			
Interest expense	7, 10, 12	38,994	39,088
		<b>38,994</b>	<b>39,088</b>
<b>Loss and comprehensive loss for the period</b>		<b>\$ (265,266)</b>	<b>\$ (163,098)</b>
<b>Basic and diluted loss per common share</b>		<b>\$ (0.07)</b>	<b>\$ (0.04)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>		<b>3,866,324</b>	<b>3,819,475</b>

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

**LINCOLN GOLD MINING INC.****Condensed Interim Consolidated Statements of Cash Flows***(Unaudited)**For the three months ended March 31, 2023 and 2022**(All amounts are in Canadian Dollars, unless otherwise stated)*

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
<b>Loss for the period</b>	<b>(265,266)</b>	<b>(163,098)</b>
Items not affecting cash:		
Accrued interest expense	38,994	39,088
Depreciation	17,081	17,081
Unrealized foreign exchange	(626)	(9,615)
Changes in non-cash working capital items:		
Increase in accounts payable and accrued liabilities	70,829	17,561
(Decrease) increase in due to related parties	(27,521)	38,438
(Increase) decrease in prepaid expenses and deposits	(5,523)	2,458
Decrease (increase) in receivables	2,748	(6,844)
<b>Net cash used in operating activities</b>	<b>(169,284)</b>	<b>(64,931)</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Acquisition of mineral properties	(4,087)	-
<b>Net cash used in investing activities</b>	<b>(4,087)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loans received	258,516	42,800
Loans paid	(23,700)	-
Payment for lease liability	(15,666)	(15,326)
<b>Net cash provided by financing activities</b>	<b>219,150</b>	<b>27,474</b>
<b>Net change in cash for the period</b>	<b>45,779</b>	<b>(37,457)</b>
<b>Cash, beginning of the period</b>	<b>18,279</b>	<b>47,058</b>
<b>Cash, end of the period</b>	<b>64,058</b>	<b>9,601</b>

Supplemental cash flow information (Note 15)

**LINCOLN GOLD MINING INC.****Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency***(Unaudited)**For the three months ended March 31, 2023 and 2022**(All amounts are in Canadian Dollars, unless otherwise stated)*

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	<b>Number of shares</b>	<b>Share capital</b>	<b>Capital reserves</b>	<b>Deficit</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at December 31, 2021</b>	<b>3,819,474</b>	<b>26,929,743</b>	<b>3,404,250</b>	<b>(31,879,354)</b>	<b>(1,545,361)</b>
Loss for the period	-	-	-	(163,098)	(163,098)
<b>Balance at March 31, 2022</b>	<b>3,819,474</b>	<b>26,929,743</b>	<b>3,404,250</b>	<b>(32,042,452)</b>	<b>(1,708,459)</b>
<b>Balance at December 31, 2022</b>	<b>3,866,324</b>	<b>26,964,223</b>	<b>3,404,250</b>	<b>(32,931,618)</b>	<b>(2,563,145)</b>
Loss for the period	-	-	-	(265,266)	(265,266)
<b>Balance at March 31, 2023</b>	<b>3,866,324</b>	<b>26,964,223</b>	<b>3,404,250</b>	<b>(33,196,884)</b>	<b>(2,828,411)</b>

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

## **LINCOLN GOLD MINING INC.**

### **Notes to the Condensed Interim Consolidated Financial Statements**

*(Unaudited)*

For the three months ended March 31, 2023 and 2022

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

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#### **1 Nature of operations**

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

The condensed interim consolidated financial statements of the Company for the three months ended March 31, 2023 comprise the Company and its subsidiaries (Note 2(b)). These condensed interim consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated. The Company is listed on the TSX Venture Exchange (“TSX-V: LMG”) and the Frankfurt Stock Exchange (“ZMG2”).

#### **2 Basis of Presentation and Significant Accounting Policies**

##### **(a) Basis of preparation**

The condensed interim consolidated financial statements for the three months ended March 31, 2023 have been prepared in accordance with IAS 34 – Interim Financial Reporting of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company’s annual consolidated financial statements as at and for the year ended December 31, 2022.

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

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 30, 2023.

##### ***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 and the Company has incurred ongoing losses since inception. Further, the Company has a working capital deficiency of \$3,681,077 (December 31, 2022 - \$3,428,734) and total liabilities of \$3,849,481 (December 31, 2022 - \$3,548,655). The future success of the Company is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon establishing future profitable production, or realization of proceeds on disposal.

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

In March 2020, the World Health Organization declared the coronavirus a global pandemic. This contagious disease outbreak and related adverse public health developments, which has continued to spread, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.



## LINCOLN GOLD MINING INC.

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2023 and 2022

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

## 2 Basis of Presentation and Significant Accounting Policies (Cont'd)

### (b) Consolidation

#### Subsidiaries

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

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

The consolidated financial statements include the financial statements of Lincoln Gold Mining Inc., the parent company and the subsidiaries listed below:

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

## 3 Critical accounting estimates and judgements

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

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

#### Income taxes

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

#### Share-based compensation

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

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

#### Company's title on mineral property interests

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

## LINCOLN GOLD MINING INC.

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2023 and 2022

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

#### 4 Equipment

The following table summarizes the Company's equipment:

	\$
<b>Cost</b>	
Balance at January 1, 2022	48,149
Additions	-
Balance at December 31, 2022 and March 31, 2023	48,149
<b>Accumulated Depreciation</b>	
Balance at January 1, 2022	6,723
Depreciation	12,385
Balance at December 31, 2022	19,108
Depreciation	3,096
Balance at March 31, 2023	22,204
<b>Net Book Value</b>	
Balance at December 31, 2022	29,041
Balance at March 31, 2023	25,945

#### 5 Right-of-use asset

The following table summarizes the Company's right-of-use asset:

	\$
Balance at January 1, 2022	97,893
Depreciation	(55,939)
Balance at December 31, 2022	41,954
Depreciation	(13,985)
<b>Balance at March 31, 2023</b>	<b>27,969</b>

#### 6 Mineral properties

The Company's mineral property interests are comprised of the following properties:

	Canada	United States	
	Shawinigan	Pine Grove	Total
	\$	\$	\$
Balance at January 1, 2022	101,000	741,973	842,973
Additions	-	-	27,407
Balance at December 31, 2022	128,407	741,973	870,380
Additions	4,087	-	4,087
<b>Balance at March 31, 2023</b>	<b>132,494</b>	<b>741,973</b>	<b>874,467</b>

## LINCOLN GOLD MINING INC.

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2023 and 2022

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

#### 6 Mineral properties (Cont'd)

Exploration expenditures incurred during the three months ended March 31, 2023:

	<u>United States</u>	
	<u>Pine Grove</u>	<u>Total</u>
	\$	\$
Contractors	40,578	40,578
General administration	6,428	6,428
Permitting environment	487	487
<b>Total mineral property expenditures</b>	<b>47,313</b>	<b>47,313</b>

Exploration expenditures incurred during the three months ended March 31, 2022:

	<u>United States</u>	
	<u>Pine Grove</u>	<u>Total</u>
	\$	\$
Contractors	41,069	40,578
General administration	5,817	6,428
Legal	908	908
Permitting environment	1,553	1,553
<b>Total mineral property expenditures</b>	<b>49,347</b>	<b>49,347</b>

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.

#### United States

##### (a) Pine Grove Property, Nevada

During fiscal 2007, the Company entered into three separate agreements with Wheeler Mining Company ("Wheeler"), Lyon Grove, LLC ("Lyon Grove") (subsequently acquired by Goldcliff Resource Corporation in June 2016 and re-acquired by the Company in October 2019) and Harold Votipka ("Votipka") which collectively comprise the Pine Grove Property. In fiscal 2010, the Company added the Cavanaugh property.

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

## LINCOLN GOLD MINING INC.

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2023 and 2022

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

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#### 6 Mineral properties (Cont'd)

##### (a) Pine Grove Property, Nevada (Cont'd)

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

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

- US\$10,000 upon signing the agreement (paid); and
  - US\$30,000 prior to each one-year anniversary of the lease (Years 1-6 paid by the Company; Years 7-13 paid by Goldcliff Resource Corporation ("Goldcliff") a company with a common director; Years 11-14 paid by the Company, Year 15 – unpaid).
- (ii) In July 2007, the Company entered into an agreement with Votipka to acquire three claims located within the Pine Grove Mining District in Lyon County, Nevada in return for a payment of US\$12,000 (paid in 2007). Upon commencement of commercial production, the Company will pay a 5% NSR to Votipka. The Company retains the right to buy down up to 2.5% of the NSR at any time for US\$100,000 per percentage point.
- (iii) In August 2010, the Company and its wholly owned subsidiary Lincoln Gold US Corp ("Lincoln US") entered into a purchase agreement for Lincoln US to acquire unpatented mining claims and associated water rights (collectively known as the "Cavanaugh property") situated at the Company's Pine Grove project in Lyon County, Nevada. In consideration for the sale of the Cavanaugh property, the vendors have received a total of US\$650,000 and 400 common shares of the Company as follows:
- On closing                      US\$250,000 and 150 shares (paid)
  - August 23, 2011              US\$150,000 and 150 shares (paid)
  - August 23, 2012              US\$150,000 and 100 shares (paid)
  - August 23, 2013              US\$100,000 (paid)

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

## LINCOLN GOLD MINING INC.

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2023 and 2022

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

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#### 6 Mineral properties (Cont'd)

##### (a) Pine Grove Property, Nevada (Cont'd)

- (iv) In August 2016, the Company entered into an agreement with Goldcliff Resource Corporation ("Goldcliff") whereby Goldcliff can earn a 40% interest in the Wheeler and Votipka leases and Cavanaugh property in exchange for incurring US\$1,400,000 in exploration expenditure on the properties over three years, and conveying back to the Company a 60% interest in the Wilson lease that previously was acquired by Goldcliff. The Company is the operator for the earn-in. During the year ended December 31, 2019, Goldcliff decided not to proceed with this option and allowed it to lapse.
- (v) On October 8, 2019, the Company and Goldcliff entered into a Purchase Option Letter agreement to re-acquire from Goldcliff and its affiliates their interest in the Pine Grove Gold project for the consideration of USD \$200,000 cash and 275,000 common shares of the Company as follows:

Cash, USD \$200,000 to be paid as follows:

- Cash of US\$50,000 to be paid upon completion of the next financing of the Company (paid);
- Cash of US\$50,000 to be paid on or before March 31, 2020 (US\$30,000 paid);
- Cash of US\$50,000 to be paid on or before June 30, 2020 (unpaid); and
- Cash of US\$50,000 to be paid on or before December 31, 2020 (unpaid).

The Company is behind on payments due under the Purchase Option Letter and is negotiating to formalize amendments.

Shares, 275,000 shares to be issued as follows:

- Shares, 120,000 shares issued following the closing of the first financing (issued with a fair value of \$156,000);
- Shares, 80,000 shares to be issued on December 31, 2019 (issued with a fair value of \$80,000); and
- Shares, 75,000 shares to be issued on March 31, 2020 (issued with a fair value of \$150,000).

There is a "cutback" provision, provided that the Company shall not be required to issue shares to Goldcliff to the extent that such issuance would result in Goldcliff holding 10% or more of the outstanding shares of the Company, to the extent that the cutback reduces the number of shares above, the Company shall issue the shares that were subject to the cutback as soon as practicable after Goldcliff advises the Company that the issuance of such shares will not result in Goldcliff holding 10% or more of the outstanding shares of the Company.

- (vi) On March 19, 2021, the Company signed a non-binding Letter of Intent ("LOI") with Lyon Grove LLC to reduce the royalties on its Wilson property to 1% which comprises a substantial part of the Company's Pine Grove project in Nevada.

Under the terms of the LOI, the Company will buydown the current net smelter returns royalty ("NSR") on the Wilson property from 2.5% to 1.0% on the patented claims and from 5.0% to 1.0% on the claims that fall within the area of interest - for an aggregate consideration of US\$450,000 payable in quarterly instalments over six years commencing April 30, 2021 (US\$75,000 paid). The Company is behind on payments due under the Purchase Option Letter and is negotiating to formalize amendments.

The LOI is subject to, amongst other things, the execution of a definitive agreement, project financing, and regulatory approval, as applicable.

## LINCOLN GOLD MINING INC.

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2023 and 2022

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

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#### 6 Mineral properties (Cont'd)

##### (a) Pine Grove Property, Nevada (Cont'd)

(vii) On April 28, 2021, the Company signed a non-binding Letter of Intent (“LOI”) with Wheeler on the Wheeler property which comprises a substantial part of the Company’s Pine Grove project. Under the terms of the LOI, the Company will buydown the NSR from 7% to 2% for an aggregate consideration of US\$5,000,000 over 6 years as follows:

- US\$100,000 payable on September 30, 2021 (paid), June 30, 2022 (unpaid) and December 31, 2022 (unpaid);
- US\$200,000 payable on September 30, 2023 and April 30, 2024;
- US\$500,000 payable on June 30, 2024, September 30, 2024 and December 31, 2024;
- US\$750,000 payable on April 30, 2025, August 31, 2025 and December 31, 2025; and
- US\$550,000 payable on April 30, 2026.

The LOI is subject, amongst other things, the execution of a definitive agreement, project financing and regulatory approval, as applicable. The Company is currently behind on payments pursuant to the LOI and is negotiating to formalize amendments.

##### (b) Oro Cruz Property, California

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

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

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

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

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

On February 28, 2019, the Company granted to Demerara Gold Corp. (“Demerara”) and Bell Mountain Exploration Corp. (“Bell Mountain” – a subsidiary of Eros Resources Corp.) the right to enter into a formal Option and Joint Venture Agreement for the exploration of the Oro Cruz property. To earn a 75% interest, Demerara and Bell Mountain will have to spend approximately USD\$2.1 million in property payments, exploration and development over the next five years. With the signing of the formal agreement below, these advances are no longer payable, will be acknowledged as applied towards exploration expenditures and have been recorded as a recovery.

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## LINCOLN GOLD MINING INC.

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2023 and 2022

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

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## 6 Mineral properties (Cont'd)

### Oro Cruz Property, California (Cont'd)

On October 1, 2019, the Company entered into a formal Option and Joint Venture Agreement with Demerara and Bell Mountain. Collectively the "Optionee", granting the Optionee an option to purchase up to an undivided 75% interest in the Oro Cruz Property, (see "Southern Empire" below).

#### i) First Option – 51% interest in the Oro Cruz Property

The Company grants the Optionee the right to acquire a 51% interest in the Oro Cruz Property by paying US\$110,000 cash, funding the payments to maintain the ADGIS Agreement in good standing, and incurring US\$1,000,000 in exploration expenditures as follows:

Cash of US\$110,000 as follows:

- Cash of US\$10,000 paid to the Company – received March 6, 2019;
- Cash of US\$25,000 to be paid to the Company on or before February 15, 2020 (received);
- Cash of US\$25,000 to be paid to the Company on or before February 15, 2021 (received);
- Cash of US\$25,000 to be paid to the Company on or before February 15, 2022 (settled);
- Cash of US\$25,000 to be paid to the Company on or before February 15, 2023 (settled).

On April 7, 2021, the Optionee and the Company agreed to settle the payments due on or before February 15, 2022 and 2023 for a one-time payment of US\$41,000 (received).

Cash payments to ADGIS, Inc.:

- Cash of US\$50,000 paid to ADGIS – paid May 15, 2019 (paid);
- Cash of US\$50,000 to be paid to ADGIS on or before April 15, 2020 (paid);
- Cash of US\$100,000 to be paid to ADGIS on or before April 15, 2021 (paid);
- Cash of US\$100,000 to be paid to ADGIS on or before April 15, 2022 (paid);
- Cash of US\$100,000 to be paid to ADGIS on or before April 15, 2023 (paid).

Exploration expenditures of US\$1,000,000 as follows:

- Exploration of US\$200,000 acknowledged as incurred to October 1, 2019 (incurred);
- Exploration of US\$400,000 cumulative to be incurred before October 1, 2020 (incurred);
- Exploration of US\$700,000 cumulative to be incurred before October 1, 2021 (incurred);
- Exploration of US\$1,000,000 cumulative to be incurred before October 1, 2022 (incurred).

#### ii) Second Option – 75% interest in the Oro Cruz Property (being 51% plus an additional 24%)

The Company grants the Optionee the right to acquire an additional 24% interest in the Oro Cruz Property by making cash payments or incurring exploration expenditures in any combination thereof to a total of US\$600,000 on or before October 1, 2023 (incurred).

On March 18, 2020, Southern Empire Resources Corp. (formerly Owl Capital Corp.) ("Southern Empire") closed its Qualifying Transaction with Eros Resources Corp. ("Eros") and Demerara whereby Southern Empire acquired Demerara and Eros and thereby assumed the option to acquire a 75% interest in the Oro Cruz Property.

On May 20, 2020, the Company entered into a sale and purchase agreement to assign a 25% interest in and to the ADGIS Agreement and an undivided 25% interest in and to the Oro Cruz Property (Note 11) in full and final settlement of the total advances of \$440,000 from Mr. Ronald K. Netolitzky and two other companies controlled by Mr. Ronald K. Netolitzky.

In April 2023, Southern Empire exercised the option and acquired the 75% interest.

## LINCOLN GOLD MINING INC.

### Notes to the Condensed Interim Consolidated Financial Statements

*(Unaudited)*

For the three months ended March 31, 2023 and 2022

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

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## 6 Mineral properties (Cont'd)

### (c) Shawinigan Property, Quebec (Cont'd)

On April 25, 2021, the Company entered into an option agreement ("Agreement") to acquire an undivided 100% interest to the Shawinigan Property, located in the Shawinigan Township, Quebec. For consideration, the Company will make cash payments, issue common shares of the Company and incur exploration expenditures as follows:

Cash payments of \$380,000 as follows:

- \$20,000 to be paid within 30 days of approval from TSX Venture Exchange (paid)
- \$15,000 to be paid on or before October 25, 2021 (paid)
- \$15,000 to be paid on or before April 25, 2022 (\$5,000 paid)
- \$20,000 to be paid on or before October 25, 2022 (unpaid)
- \$20,000 to be paid on or before April 25, 2023 (unpaid)
- \$20,000 to be paid on or before October 25, 2023
- \$40,000 to be paid on or before April 25, 2024
- \$50,000 to be paid on or before October 25, 2024
- \$50,000 to be paid on or before April 25, 2025
- \$50,000 to be paid on or before October 25, 2025
- \$80,000 to be paid on or before April 25, 2026

Issue up to 260,000 common shares as follows:

- 30,000 common shares within 30 days of approval from TSX Venture Exchange (issued with a fair value of \$66,000)
- 30,000 common shares on or before the first anniversary of the Agreement (issued with a fair value of \$21,000)
- 30,000 common shares on or before the second anniversary of the Agreement (not issued)
- 30,000 common shares on or before the third anniversary of the Agreement
- 40,000 common shares on or before the fourth anniversary of the Agreement
- 50,000 common shares on or before the fifth anniversary of the Agreement
- 50,000 common shares upon the Company filing a NI 43-101 technical report with the applicable Canadian securities regulators that include mineral reserves and resources in the property

Incur up to \$2,000,000 exploration expenditures as follows:

- \$250,000 within 12 months period from the date of the Agreement (not incurred)
- \$250,000 within two years period from the date of the Agreement (not incurred)
- \$500,000 within three years period from the date of the Agreement
- \$500,000 within four years period from the date of the Agreement
- \$500,000 within five years period from the date of the Agreement

The optionor will retain a 2% NSR of which 1% can be purchased by the Company for \$1,500,000.

The Company is currently behind on the cash, share, and exploration obligations pursuant to the Agreement and is negotiating to formalize amendments.



## LINCOLN GOLD MINING INC.

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2023 and 2022

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

#### 7 Accounts payable and accrued liabilities

	March 31, 2023	December 31, 2022
	\$	\$
Accounts payable	710,713	735,228
Accrued liabilities	20,000	20,000
Closing balance	710,713	755,228
Current portion of accounts payable and accrued liabilities	(710,713)	(755,228)
<b>Long-term portion of accounts payable and accrued liabilities</b>	<b>-</b>	<b>-</b>

On February 25, 2020, the Company negotiated a debt reorganization with certain creditors to defer repayment of accounts payable and accrued liabilities in the total amount of \$196,262 (€136,000), for a period of up to three years from the date of the debt settlement agreement with each respective party.

Repayment is due on the following terms:

Third anniversary of debt settlement agreement	\$200,029 (€136,000)
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The accounts payable and accrued liabilities related to these certain creditors in the debt reorganization is initially measured at the present value of the payments in the amount of \$145,575 on the debt settlement date, using a discount rate of 10%. This resulted in the Company recognizing a gain on settlement of debt of \$50,687 and interest expense of \$13,553 during the year ended December 31, 2020. During the three months ended March 31, 2023, the Company recognized interest expense of \$3,006 (2022 - \$4,341).

#### 8 Provisions

The Company's recognized a constructive provision for environmental rehabilitation relating to a Pine Grove Property which will require future cleanup costs estimated to be approximately US\$65,000. Management expects that the cleanup costs would be incurred in the future, at the end of the expected useful life of the property; however, as the technical feasibility of Pine Grove Property has not been completed yet, the life of the property is uncertain at the reporting date. The provision represents best management estimates and includes the following assumptions: term – 10 years; inflation rate – 2.1%, pre-tax risk-free interest rate – 4.11%.

The closing balance is summarized as follows:

	March 31, 2023	December 31, 2022
	\$	\$
Beginning balance	88,036	82,407
Changes in exchange rates	(71)	5,629
<b>Closing balance</b>	<b>87,965</b>	<b>88,036</b>

During the three months ended March 31, 2023 and 2022, the finance costs in relation to the accretion of the provision are negligible.

## LINCOLN GOLD MINING INC.

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2023 and 2022

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

#### 9 Lease liability

The Company's lease liability relates to its office space. The lease liability was measured at the present value of the remaining lease payments, discounted using an interest rate of 10%, which is the Company's incremental borrowing rate.

	<b>Total</b>
	<b>\$</b>
Balance at January 1, 2022	99,244
Interest expense	7,499
Lease payments	(61,644)
Balance at December 31, 2022	45,099
Interest expense	1,006
Lease payments	(15,666)
Balance at March 31, 2023	30,439
Current portion of lease liability	(30,439)
<b>Long-term portion of lease liability</b>	<b>-</b>

The Company's future lease commitment as at March 31, 2023 is as follows:

	\$
2023	31,333
	<b>31,333</b>

#### 10 Loans payable

The following loans were provided by the President of the Company to support its working capital requirements.

	<b>Three months ended</b>	<b>Year ended</b>
	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>\$</b>	<b>\$</b>
Opening balance	101,958	52,003
Loans (repaid) received during the period	(8,700)	43,100
Interest accrued during the period	1,595	6,855
Closing balance	94,853	101,958
Current portion of loans payable	(94,853)	(101,958)
<b>Long-term portion of loans payable</b>	<b>-</b>	<b>-</b>

The loan of \$24,790 is unsecured, bearing interest at 5% per annum, calculated and payable on demand. As at March 31, 2023, the balance outstanding for this loan payable was \$53,659 (December 31, 2022 - \$56,515).

The loan of \$38,100 is unsecured, bearing interest at 8% per annum, calculated and payable on demand. As at March 31, 2023, the balance outstanding for this loan payable was \$41,194 (December 31, 2022 - \$45,443).

On February 25, 2020, the Company negotiated a debt reorganization with respect to this unsecured demand loan to defer repayment in the amount of \$60,000 for a period of up to three years from the date of the debt settlement agreement. Repayment of \$20,000 is due on the one year anniversary of the debt settlement agreement, \$10,000 is due on the second year anniversary of the debt settlement agreement and \$30,000 is due on the third anniversary of the debt settlement agreement.

## LINCOLN GOLD MINING INC.

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2023 and 2022

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

#### 10 Loans payable (Cont'd)

This loan payable related to the debt reorganization is initially measured at the present value of the payments in the amount of \$50,446 on the debt settlement date, using a discount rate of 10%. This resulted in the Company recognizing a gain on settlement of debt of \$9,554 and interest expense of \$2,675 during the year ended December 31, 2020. During the three months ended March 31, 2023, the Company recognized interest expense of \$459 (2022 - \$827).

#### 11 Promissory notes

	Three months ended March 31, 2023	Year ended December 31, 2022
	\$	\$
Opening balance	998,479	678,488
Interest accrued during the period	21,420	57,544
Loan received	258,516	227,122
Settlement of promissory notes	(15,000)	(15,000)
Foreign exchange	(555)	50,325
<b>Closing balance</b>	<b>1,262,860</b>	<b>998,479</b>

The Company received advances of \$440,000 from Mr. Ronald Netolitzky, a previous control person of the Company, and two other companies controlled by Mr. Netolitzky. The advances were unsecured, non-interest bearing and due on demand. On May 20, 2020, the Company entered into a sale and purchase agreement to assign a 25% interest in and to the ADGIS Agreement and an undivided 25% interest in and to the Oro Cruz Property (Note 6) in full and final settlement of the total advances of \$440,000. The Company recognized a gain on settlement of debts of \$440,000 related to this sale and purchase agreement during the year ended December 31, 2020.

During the year ended December 31, 2015, the Company received \$50,000 from an insider of the Company. The loan was unsecured and evidenced by promissory notes bearing interest at 6% per annum, calculated and payable on demand. On March 9, 2020, the Company issued 63,000 common shares for settlement of debt in the amount of \$63,000 consisting of principal balance of \$50,000 and interest of \$13,000.

During the year ended December 31, 2015, the Company received US\$66,000 from a company that has an insider in common with Lincoln. During the year ended December 31, 2017, the existing promissory note was terminated and both parties subsequently entered into a new promissory note agreement consisting of the existing principal and interest in the aggregate amount of US\$71,000. The loan is secured by the Company's US properties and evidenced by a promissory note bearing interest at 9% per annum. Principal and accrued interest was payable upon termination of the note on September 15, 2017. On January 3, 2018, the Company issued 6,434 common shares for settlement of debt in the amount of \$32,172.

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

On August 24, 2018, September 11, 2018, October 23, 2018, January 23, 2019, March 29, 2019, May 30, 2019 and April 1, 2021, the Company received \$65,180 (US\$50,000), \$65,070 (US\$50,000), \$91,994 (US\$70,000), \$93,436 (US\$70,000), \$66,815 (US\$50,000), \$53,344 (US\$40,000) and \$37,695 (US\$30,000) from Dragon Hill Creation Limited, respectively, a company controlled by a director of the Company. On December 22, 2021, the Company made a repayment of \$100,000 (US\$77,730). The loans are unsecured and evidenced by promissory notes bearing interest at 8-10% per annum, calculated and payable on the termination dates of the promissory notes from June 30, 2019 to June 30, 2022. The Company may prepay the principal, in whole or in part, at any time without penalty.

On December 21, 2021, January 18, 2022, February 15, 2022, May 20, 2022 and August 29, 2022, the Company received \$100,000, \$10,000, \$5,000, \$5,600 and \$12,000, respectively, from an arm's length individual. The loans are unsecured and evidenced by a promissory note bearing interest at 8-12% per annum. The Company may prepay the principal, in whole or in part, at any time without penalty.

## LINCOLN GOLD MINING INC.

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2023 and 2022

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

#### 11 Promissory notes (Cont'd)

During the year ended December 31, 2022, the Company received a total of \$194,522 from various arm's length individuals and made a repayment of \$15,000. The loans are unsecured and evidenced by a promissory note bearing interest at 12% per annum. The Company may prepay the principal, in whole or in part, at any time without penalty.

During three months ended March 31, 2023, the Company received a total of \$258,516 from various arm's length individuals and made a repayment of \$15,000. The loans are unsecured and evidenced by a promissory note bearing interest at 12% per annum. The Company may prepay the principal, in whole or in part, at any time without penalty.

#### 12 Related party transactions

The following transactions were carried out with related parties:

##### **Key management personnel – services rendered and other compensation**

Key management includes officers and directors – executive and non-executive. The compensation paid or payable to key management personnel for the services rendered during the three months ended March 31, 2023 and 2022 were as follows:

	2023	2022
	\$	\$
Management fees (accrued)	27,000	27,000
Exploration expenses	40,578	37,986
Accounting fees	10,500	10,500
<b>Total</b>	<b>78,078</b>	<b>75,486</b>

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

##### **Balance due to related parties**

	As at March 31, 2023	As at December 31, 2022
	\$	\$
Executive officers and their controlled companies	1,633,651	1,550,855
Directors	9,000	9,000
Total	1,642,651	1,559,855
Current portion of balance due to related parties	(1,642,651)	(1,559,855)
<b>Long-term portion of balance due to related parties</b>	<b>-</b>	<b>-</b>

## LINCOLN GOLD MINING INC.

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2023 and 2022

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

#### 12 Related party transactions (Cont'd)

On February 25, 2020, the Company negotiated a debt reorganization with certain related parties to defer repayment in the total amount of \$930,000, consisting of \$407,000 and US\$394,000, for a period of up to three years from the date of the debt settlement agreement with each respective party. Repayment is due on the following terms:

First anniversary of debt settlement agreement	\$5,000 payable to the former CFO \$6,767 (US\$5,000) payable to VP of Operations \$20,300 (US\$15,000) payable to former VP of Exploration
Second anniversary of debt settlement agreement	\$35,000 payable to the President \$5,000 payable to the former CFO \$28,419 (US\$21,000) payable to VP of Operations \$56,839 (US\$42,000) payable to former VP of Exploration
Third anniversary of debt settlement agreement	\$362,000 payable to the President \$123,150 (US\$91,000) to VP of Operations \$297,726 (US\$220,000) payable to former VP of Exploration

The balance due to these related parties related to the debt reorganization is initially measured at the present value of the payments in the amount of \$865,181 on the debt settlement date, using a discount rate of 10%. This resulted in the Company recognizing a gain on settlement of debt of \$223,724 and interest expense of \$59,719 during the year ended December 31, 2020. During the three months ended March 31, 2023, the Company recognized interest expense of \$11,967 (2022 - \$18,738).

#### **Balance due to/from related parties**

	As at March 31, 2023	As at December 31, 2022
	\$	\$
<b>Balance due (to) from related parties</b>		
Companies with a director in common	(710)	590

The balances due from related parties are included in receivables and balances due to related parties are included in accounts payable and accrued liabilities.

#### **Loans from related parties**

See Notes 10, 11 and 13 for further details.

#### **Other transactions with related parties**

During the three months ended March 31, 2023, the Company received \$3,713 (2022 - \$3,713) from Golden Band Resources Inc., a company with certain officers and directors in common and Goldcliff, for office rent.

Goldcliff is a public company with a common director of the Company – See Note 6.

## LINCOLN GOLD MINING INC.

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2023 and 2022

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

### 13 Share capital and reserves

#### a) Authorized share capital

As at March 31, 2023 and December 31, 2022, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares are fully paid. On March 8, 2023, the Company consolidated its issued and outstanding common shares on the basis of one post-consolidated common share for every ten pre-consolidated common shares. All number of shares and per share amounts have been retroactively restated in these consolidated financial statements to reflect this share consolidation. As at March 31, 2023 there were 3,866,324 (December 31, 2022 – 3,866,324) fully paid common shares issued.

On May 31, 2022, the Company issued 16,850 common shares pursuant to the exercise of 16,850 warrants at an exercise of \$0.80 per share for total proceeds of \$13,480.

On April 25, 2022, the Company issued 30,000 shares pursuant to the Shawinigan Property mineral interest (Note 6).

On October 28, 2021, the Company issued 182,000 common shares pursuant to the exercise of 1,820,000 warrants at an exercise of \$1.40 per share for total proceeds of \$254,800.

On July 20, 2021, the Company closed a non-brokered private placement. The Company issued a total of 360,000 units at a price of \$1.80 per unit for total gross proceeds of \$648,000. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$2.50 per share for a period of three years. An amount of \$36,000 was allocated to reserves in connection with the residual value of warrants issued.

On June 11, 2021, the Company issued 30,000 shares at a value of \$66,000 to pursuant to the Shawinigan Property mineral interest (Note 6).

On June 4, 2021, the Company closed a non-brokered private placement. The Company issued a total of 276,866 units at a price of \$1.50 per unit for total gross proceeds of \$415,300. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$2.50 per share until June 4, 2023. The Company paid cash finders' fees of \$10,500 and issued 7,000 finders' warrants at a value of \$10,619. Each finders' warrant entitles the holder to purchase one common share of the Company at a price of \$2.50 per share until June 4, 2023. The fair value of the finders' warrants was calculated using the Black-Scholes Option Pricing Model with an expected life of two years, interest rate of 0.32%, dividend yield of 0% and expected volatility of 161%.

#### a) Capital reserves

	Capital reserve – options	Capital reserve – warrants	Capital reserve – convertible debenture	Total
Balance as at December 31, 2020	\$ 1,749,451	\$ 1,421,628	\$ 215,386	\$ 3,386,465
Private placement	-	36,000	-	36,000
Exercise of warrants	-	(36,400)	-	(36,400)
Finders' warrants issued	-	10,619	-	10,619
Share-based compensation	7,566	-	-	7,566
<b>Balance as at December 31, 2022 and March 31, 2023</b>	<b>1,757,017</b>	<b>1,431,847</b>	<b>215,386</b>	<b>3,404,250</b>

## LINCOLN GOLD MINING INC.

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2023 and 2022

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

### 13 Share capital and reserves (Cont'd)

#### b) Stock options

As at March 31, 2023, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
225,000	\$3.00	August 17, 2025
20,000	\$3.00	October 7, 2025
<b>245,000</b>		

Stock option transactions for the three months ended March 31, 2023 and year ended December 31, 2022 are summarized as follows:

	Three months ended March 31, 2023		Year ended December 31, 2022	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Balance, beginning of period	245,000	\$ 3.00	245,000	\$ 3.00
Granted	-	-	-	-
Expired/Cancelled	(20,000)	-	-	-
Balance, end of period	225,000	3.00	245,000	3.00
Options exercisable, end of period	225,000	3.00	245,000	3.00

#### c) Warrants

As at March 31, 2023, the Company had share purchase warrants, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
60,000	\$0.80 <sup>(1)</sup>	May 30, 2023 <sup>(1)</sup>
242,818	\$0.80 <sup>(2)</sup>	June 4, 2023 <sup>(2)</sup>
260,016	\$0.80 <sup>(3)</sup>	June 4, 2023
7,000	\$2.50	June 4, 2023
360,000	\$2.50	July 20, 2024
<b>929,834</b>		

<sup>(1)</sup> During the year ended December 31, 2022, the Company amended the exercise price of 60,000 warrants from \$8.00 per share to \$0.80 per share and extended the expiry date from April 26, 2022 to May 30, 2023.

<sup>(2)</sup> During the year ended December 31, 2022, the Company amended the exercise price of 242,818 warrants from \$1.50 per share to \$0.80 per share and extended the expiry date from August 13, 2022 to June 4, 2023.

<sup>(3)</sup> During the year ended December 31, 2022, the Company amended the exercise price of 276,866 warrants from \$2.50 per share to \$0.80 per share.

## LINCOLN GOLD MINING INC.

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2023 and 2022

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

### 13 Share capital and reserves (Cont'd)

Warrants transactions for the three months ended March 31, 2023 and year ended December 31, 2022 are summarized as follows:

	Three months ended March 31, 2023		Year ended December 31, 2022	
	Number of Warrants	Weighted average exercise price	Number of Warrants	Weighted average exercise price
		\$		\$
Balance, beginning of period	929,834	1.47	1,273,247	3.70
Exercised	-	-	(16,850)	0.80
Expired	-	-	(326,563)	6.90
Balance, end of period	929,834	1.47	929,834	1.47

### 14 Financial instruments

#### Capital risk management

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

#### Categories of financial instruments

	March 31, 2023	December 31, 2022
	\$	\$
<b>Financial assets *</b>		
<i>Amortized at cost</i>		
Cash	64,058	18,279
Receivables	237	12,229
	64,295	30,508
<b>Financial liabilities</b>		
<i>Amortized at cost</i>		
Accounts payable and accrued liabilities	730,713	755,228
Due to related parties	1,642,651	1,559,855
Lease liability	30,439	45,099
Loans payable	94,853	101,958
Promissory notes	1,262,860	998,479
	3,761,516	3,460,619

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



## LINCOLN GOLD MINING INC.

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2023 and 2022

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

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#### 14 Financial instruments (Cont'd)

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

##### **Fair value**

The carrying value of cash, other receivables, accounts payable and accrued liabilities, due to related parties, loans payable, and promissory notes are measured at amortized cost. The carrying value of lease liability approximated its fair value as it bears interest that approximates current market rates.

##### **Foreign exchange risk**

The Company's operations in the United States expose the Company to foreign exchange risk. The Company is subject to currency risk due to the fluctuations of exchange rates between the Canadian and US dollars. The Company does not believe it is exposed to significant foreign exchange risk. A 10% fluctuation in the foreign exchange rate between the Canadian and US dollar will result in a foreign exchange gain/loss of approximately \$135,000. The Company does not enter into derivative financial instruments to mitigate foreign exchange risk.

##### **Credit risk**

The Company is not exposed to material credit risk.

##### **Interest rate risk**

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

##### **Liquidity risk**

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

##### **Price risk**

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

#### 15 Supplemental cash flow information

	Three months ended March 31, 2023	Three months ended March 31, 2022
	\$	\$
Cash paid for interest	-	-
Cash paid for income taxes	-	-

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On April 25, 2022, the Company issued 30,000 shares at a value of \$21,000 pursuant to the Shawinigan Property mineral interest (Note 13).

## LINCOLN GOLD MINING INC.

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2023 and 2022

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

#### 16 Segmented information

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

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

	<b>Non-current assets</b>
	<b>\$</b>
<b>December 31, 2022</b>	
United States of America	770,102
Canada	183,523
	<b>953,625</b>
<b>March 31, 2023</b>	
United States of America	767,353
Canada	173,278
	<b>940,631</b>

#### 17 Subsequent event

Subsequent to the three months ended March 31, 2023, the Company announces that, subject to regulatory approval, it intends to settle up to \$3,007,290 of debt through debt settlement agreements, by issuing \$0.17 units (the "Debt Units") of the Company, each Debt Unit being comprised of one common share of the Company and one common share purchase warrant (the "Debt Unit Warrants"), with each Debt Unit Warrant being exercisable for an additional common share of the Company at \$0.35 for 36 months.



## FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) WHICH HAS BEEN PREPARED ON MAY 30, 2023 TO ACCOMPANY THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF LINCOLN GOLD MINING INC. (THE "COMPANY" OR "LINCOLN") FOR THE THREE MONTHS ENDED MARCH 31, 2023.

This Management's Discussion and Analysis ("MD&A"), should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 2023 and the annual audited consolidated financial statements of the Company for the year ended December 31, 2022. All financial amounts are stated in Canadian currency unless stated otherwise.

The financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate the Company's financial situation.

The financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say "we", the "Company" or "numbered company", we mean Lincoln Gold Mining Inc., the parent company and its wholly-owned subsidiaries, as it may apply.

This management discussion and analysis may contain forward-looking statements in respect of various matters including upcoming events and include without limitation, statements regarding discussions of the Company's business strategy, future plans, projections, objectives, estimates and forecasts and statements as to management's expectations with respect to, among other things, the development of the Company's project. These forward-looking statements involve numerous risks and uncertainties and actual results may vary. Important factors that may cause actual results to vary include without limitation, certain transactions, certain approvals, changes in commodity prices, risks inherent in exploration results, timing and success, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and mineral resources), delays in the receipt of government approvals, and changes in general economic conditions or conditions in the financial markets, the state of the world's health physically and financially in dealing with Covid-19. In making the forward-looking statements in this MD&A, the Company has applied several material assumptions, including without limitation, the assumptions that: (1) any additional financing needed will be available on reasonable terms.

Additional factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, among other factors: (1) weak commodity prices and general metal price volatility; (2) the state of the global economy and economic and political events, including the deterioration of the global capital markets, affecting supply and demand and economic and political events affecting supply and demand; and (3) securing and the nature of regulatory permits and approvals and the costs of complying with environmental, health and safety laws and regulations.

The Company cannot assure investors that any of these assumptions will prove to be correct.

The words "expect," "anticipate," "estimate," "may," "will," "should," "intend," "believe," "target," "budget," "plan," "projection" and similar expressions are intended to identify forward-looking statements. Information concerning mineral reserve and mineral resource estimates also may be considered forward-looking statements, as such information constitutes a prediction of what mineralization might be found to be present during operations or if and when an undeveloped project is actually developed.

**FORM 51-102F1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the three months ended March 31, 2023**

*(in Canadian dollars, unless otherwise stated)*

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These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. The Company believes that the expectations reflected in the forward-looking statements, including future-oriented financial information, contained in this MD&A and any documents incorporated by reference are reasonable, but no assurance can be given that these expectations will prove to be correct. In addition, although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, including future-oriented financial information, there may be other factors that cause actions, events, or results not to be as anticipated, such as future waves of Covid -19, estimated, or intended. The Company undertakes no obligation to disclose publicly any future revisions to forward-looking statements, including future-oriented financial information, to reflect events or circumstances after the date of this MD&A, or to reflect the occurrence of unanticipated events, except as expressly required by law.

Additionally, the forward-looking statements, including future-oriented financial information contained herein, are presented solely for the purpose of conveying our reasonable belief of the direction of the Company and may not be appropriate for other purposes.

The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

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

Additional information relating to the Company's activities may be found on the Company's website at [www.lincolnmining.com](http://www.lincolnmining.com) and at [www.sedar.com](http://www.sedar.com).

## **1. Overview**

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Lincoln Gold Mining Inc. (the "Company" or "Lincoln") is incorporated under the Business Corporations Act, British Columbia. The Company's head and registered office, principal address and records is Suite 400 - 789 West Pender Street, Vancouver, British Columbia, Canada, V6C 1H2. The Company is listed on the TSX Venture Exchange ("TSX-V: LMG") and Frankfurt Stock Exchange ("ZMG2").

Lincoln Gold Mining Inc. is an advanced-stage precious metals exploration and development company with two projects in various stages of exploration, which include the Pine Grove gold property in Nevada, USA, and the Oro Cruz gold property in California, USA. In the United States, the Company operates under its subsidiaries, Lincoln Gold US Corp. and Lincoln Resource Group Corp. On September 24, 2019, the Company consolidated its common shares on the basis of ten pre-consolidated common shares for one post-consolidated common share. The Company also completed a name change to Lincoln Gold Mining Inc. from Lincoln Mining Corporation. The TSXV approved this consolidation of stock and name change in September 2019.

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.

### **Corporate activities during the three months ended March 31, 2023 and subsequent to the quarter end**

On March 8, 2023, the Company completed a consolidation of its issued and outstanding share capital on the basis of one post-consolidated common share for every ten pre-consolidated common shares. All number of shares and per share amounts have been retroactively restated in this report to reflect this share consolidation.

Subsequent to the three months ended March 31, 2023, the Company announces that, subject to regulatory approval, it intends to settle up to \$3,007,290 of debt through debt settlement agreements, by issuing \$0.17 units (the "Debt Units") of the Company, each Debt Unit being comprised of one common share of the Company and one common share purchase warrant (the "Debt Unit Warrants"), with each Debt Unit Warrant being exercisable for an additional common share of the Company at \$0.35 for 36 months.

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*(in Canadian dollars, unless otherwise stated)*

**Corporate activities during the year ended December 31, 2022**

On April 25, 2022 Lincoln issued 30,000 shares to Fayz Yocoub as part of the second payment due to him.

On May 31, 2022, the Company issued 16,850 common shares pursuant to the exercise of 16,850 warrants at an exercise of \$0.80 per share for total proceeds of \$13,480.

**Cash Flow Analysis**

*Operating Activities*

During the three months ended March 31, 2023, cash used in operating activities was \$169,284 (2022 – \$64,931) respectively for activities as described above and below.

*Financing activities*

During the three months ended March 31, 2023, the Company received loans of \$258,516 from arm's length individuals. The loans are subject to interest at 12% per annum, unsecured and payable on demand. In addition, the Company paid \$15,666 (2022 - \$15,326) for the Company's office building lease.

***New Opportunities:***

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

**2. Summary of Quarterly Results**

	<b>1<sup>st</sup> Quarter 2023</b>	<b>4<sup>th</sup> Quarter 2022</b>	<b>3<sup>rd</sup> Quarter 2022</b>	<b>2<sup>nd</sup> Quarter 2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	-	-	-	-
Exploration expenses	47,313	88,895	109,116	42,097
Administrative expenses (incl. interest expense)	217,953	157,424	257,449	213,264
Loss and comprehensive loss	(265,266)	(267,240)	(366,565)	(255,361)
Basic and diluted loss per share	(0.07)	(0.07)	(0.10)	(0.07)
Total assets	1,021,070	985,510	1,024,503	1,012,644
Working capital deficiency	(3,681,077)	(3,428,734)	(3,171,435)	(2,805,357)

	<b>1<sup>st</sup> Quarter 2022</b>	<b>4<sup>th</sup> Quarter 2021</b>	<b>3<sup>rd</sup> Quarter 2021</b>	<b>2<sup>nd</sup> Quarter 2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	-	-	-	-
Exploration expenses	49,347	321,210	159,902	110,483
Administrative expenses (incl. interest expense)	113,751	188,881	274,951	179,601
Loss and comprehensive loss	(163,098)	(510,091)	(434,853)	(290,084)
Basic and diluted loss per share	(0.04)	(0.13)	(0.11)	(0.10)
Total assets	1,038,276	1,088,428	1,078,247	812,304
Working capital deficiency	(2,588,958)	(1,540,750)	(1,175,270)	(1,234,004)

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For the three months ended March 31, 2023**

*(in Canadian dollars, unless otherwise stated)*

**Summary of Quarterly Results ... (continued)**

The Company had no revenue as the Company has not yet determined whether its mineral properties contain ore reserves; therefore, the Company has incurred ongoing losses since inception.

**3. Results of Operations**

**Results of Operations – For the three months ended March 31, 2023**

For the three months ended March 31, 2023, the Company incurred an operational loss of \$265,266 (2022 - \$163,098).

Administrative expenses increased to \$178,959 compared to \$74,663 in the comparative period mainly related to a foreign exchange loss of \$7,135 (2022 – gain of \$27,622) as a result of the translation of US dollar transactions, an increase in consulting and management fees to \$80,180 compared to \$40,110 (refer to Related Party Transactions for more information) and increase in investor relations and shareholder services to \$19,726 compared to \$3,594.

Exploration expenses decreased by \$2,034 to \$47,313 on the properties compared to the prior period mainly consisting of contractor work of \$40,578 (2022 - \$41,069), general administration of \$6,428 (2022 - \$5,817) and permitting environment of \$487 (2022 - \$1,553) on the Pine Grove property.

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

Exploration expenses (recoveries)	Pine Grove	Oro Cruz	Bell Mountain	La-Bufa	Other properties (refunds)	Total
	\$	\$	\$	\$	\$	\$
<b>2023</b> , (IFRS reporting)	47,313	-	-	-	-	47,313
<b>2022</b> , (IFRS reporting)	288,521	934	-	-	-	289,455
<b>2021</b> , (IFRS reporting)	690,237	3,871	-	-	-	694,108
<b>2020</b> , (IFRS reporting)	384,485	90,335	-	-	-	474,820
<b>2019</b> , (IFRS reporting)	209,507	275,270	-	-	1,429	486,206
<b>2018</b> , (IFRS reporting)	1,022,064	118,887	-	-	6,561	1,147,512
<b>2017</b> , (IFRS reporting)	509,985	(70,594)	-	-	7,546	446,937
<b>2016</b> , (IFRS reporting)	(602)	47,238	-	-	-	46,636
<b>2015</b> , (IFRS reporting)	162,901	83,380	33,104	-	-	279,385
<b>2014</b> , (IFRS reporting)	318,941	157,797	144,295	46,897	7,811	675,741
<b>2013</b> , (IFRS reporting)	326,388	119,081	1,200,383	87,646	32,150	1,765,648
<b>2012</b> , (IFRS reporting)	234,525	247,285	100,461	402,810	7,590	992,671
<b>2011</b> , (IFRS reporting)	610,664	404,483	-	1,240,844	11,288	2,267,279
<b>2010</b> , (IFRS reporting)	1,609,436	310,637	-	472,534	1,645	2,394,252
<b>2009</b> , (Canadian GAAP)	553,319	7,586	-	121,861	(7,898)	674,868
<b>2008</b> , (Canadian GAAP)	509,333	-	-	1,501,906	14,347	2,025,586
<b>2007</b> , (Canadian GAAP)	154,145	-	-	163,705	25,287	343,137
<b>Less recoveries</b>	<b>7,631,162</b> <b>(33,438)</b>	<b>1,796,190</b> <b>(654,453)</b>	<b>1,478,243</b> <b>-</b>	<b>4,038,203</b> <b>(1,051,735)</b>	<b>107,756</b> <b>-</b>	<b>15,051,554</b> <b>(1,739,626)</b>
<b>Total exploration expenses incurred</b>	<b>7,597,724</b>	<b>1,141,737</b>	<b>1,478,243</b>	<b>2,986,468</b>	<b>107,756</b>	<b>13,311,928</b>

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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## 4. Projects

### Overview

**Pine Grove Property, Nevada** – The Pine Grove gold project, located in Lyon County, Nevada, is the Company's most advanced project. At the time of writing of this MDA Lincoln is well underway in the permitting studies needed to take the project to production. A prefeasibility study is planned for the Fall of 2021.

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

At the Pine Grove project historic gold production was 240,000 ozs high-grade gold from underground mining in the late 1800s and early 1900s.

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

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

In August 2020, yearly land payments were made to the BLM and Lyon County to keep the property in good standing.

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

The Agreement was terminated in 2019. Placer is required to carry out reclamation work on the area that it disturbed and to that end some reclamation work was completed at the property in the summer and fall of 2020. The land has been contoured and fenced. The only item left to complete is seeding of the area.

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



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*(in Canadian dollars, unless otherwise stated)*

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**Projects ... (continued)**

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

By mid-December 2016, Goldcliff had completed a drilling program of 14 holes that totalled 2,132.6 metres (6,9762.5 feet). All assays were received by the first of February and are reviewed in the news release of February 9, 2017. No additional exploration work was carried out on the property during 2017 or 2018; however, a number of permitting studies were performed.

A Binding Letter of Intent between Goldcliff and Lincoln for the selling back to Lincoln of the lease on the Wilson Patented Claims located in Lyon County, Nevada was signed in October 2019. The Wilson claims are part of the Pine Grove development project and were included in the Pine Grove Joint Venture between the two companies. Goldcliff will receive staged cash and share payments and retain title to the claims until all payments and share issuances are completed, (see News Release of October 8, 2019).

To aid the Company in all this work, Lincoln announced the engagement of an effective permitting team that will allow it to proceed with permitting of the Pine Grove project towards operation. The consulting team with respective task assignments is headed up by Stantec Consulting Services Inc. ("Stantec").

In January 2022 the Company completed a core drill program of 5 holes on the Wilson side of the property, which had been started in November 2021. All core from the program has been stored in our warehouse in Yerington.

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

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

In August 2018, the Company engaged a team of consultants to guide it through the production permitting process. Stantec has been chosen as the lead contractor for the EIS.

**Oro Cruz Gold Property, Imperial County, California**

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

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



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For the three months ended March 31, 2023**

*(in Canadian dollars, unless otherwise stated)*

**Projects ... (continued)**



**Oro Cruz Gold Resources – September 2010 – Tetra Tech Report**

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

On October 1, 2019, the Company entered into a formal Option and Joint Venture Agreement with Demerara Gold Corp. (“Demerara”) and Bell Mountain Exploration Corp. (“Bell Mountain” – a subsidiary of Eros Resources Corp.) collectively the “Optionee”, granting the Optionee an option to earn up to an undivided 75% interest in the Oro Cruz Property.

On March 18, 2020 Owl Capital Corp. (“Owl”) closed its previously announced Qualifying Transaction with Eros Resources Corp. (“Eros”) and Demerara whereby Owl acquired Demerara and Eros and thereby acquired the 75% earn-in option interest in the Oro Cruz Gold project in California. As a result of closing the Qualifying Transaction the company changed its name to Southern Empire Resources Corp. (“Southern Empire”) and was listed as a Tier 2 mining issuer on the TSX Venture Exchange.

In April 2023, Southern Empire completed its 75% earn-in option interest in the Oro Cruz Gold project.

**Shawinigan Property, Southern Quebec**

The property is situated in an area that is well known for hosting Nickel Copper mineralization and is a prime area for Ni-Cu and Cobalt deposits. Field and drill testing programs to date have covered only a small area of the property, as most of the previous holes have focused on the area north of the Shawinigan Ni-Cu prospect. Excellent potential exists for locating more significant mineralization elsewhere on the property.

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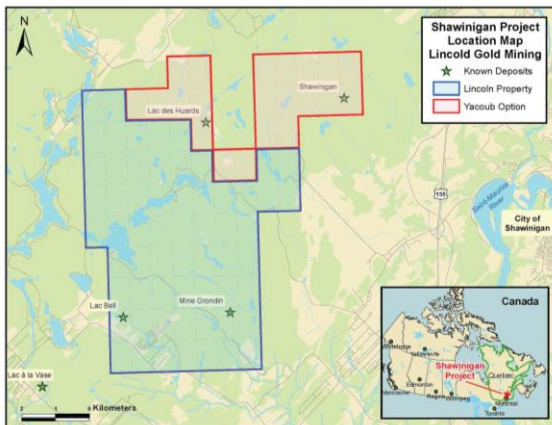
*(in Canadian dollars, unless otherwise stated)*

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**Projects ... (continued)**

The Property is approximately 130 kilometers northeast of Montreal, Canada just north of the St. Lawrence river. It is three kilometers west of the town of Shawinigan and is accessible by highway, gravel and dirt roads. In April Lincoln acquired an option on 21 claims in the area and in August an additional 61 claims to the south and south-west of the option agreement claims were staked by Lincoln. The Property now consists of 82 contiguous mineral claims and now covers a total area of 48.4 square kilometers (4,841.8 hectares).

On the map below, the red areas show the originally optioned claims and blue/green shows the additional staked claims.



Previous work has identified three areas for immediate future exploration. Only a small area of the property has been explored and excellent potential exists for locating mineralization elsewhere on the property. Airborne geophysical programs were carried out in 1976 and 2016 as well as diamond drilling in 1975 and 1976 highlight targets for future exploration work. The Property also hosts Lac des Huards cobalt prospect discovered in 1956 and the Lac Bell nickel copper prospect.

Lincoln is in the process of developing exploration work program for the next 18 months. Work is expected to begin on the property in the summer of 2022.

**New Opportunities**

Lincoln continues to evaluate mineral properties that 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.

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**5. Liquidity and Solvency**

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>\$</b>	<b>\$</b>
Working capital deficiency	(3,681,077)	(3,428,734)
Long-term debt	87,965	88,036

	<b>Three months ended March 31, 2023</b>	<b>Three months ended March 31, 2022</b>
	<b>\$</b>	<b>\$</b>
Cash used in operating activities	(169,284)	(64,931)
Cash used in investing activities	(4,087)	-
Cash provided by financing activities	219,150	27,474
Change in cash	45,779	(37,457)

During three months ended March 31, 2023, the Company received a total of \$258,516 from various arm's length individuals and made a repayment of \$15,000. The loans are unsecured and evidenced by a promissory note bearing interest at 12% per annum. The Company may prepay the principal, in whole or in part, at any time without penalty.

During the year ended December 31, 2022, the Company received a loan of \$43,100 from the President of the Company and \$227,122 from arm's length individuals. All loans are subject to interest at 8-12% per annum, unsecured and payable on demand.

On May 31, 2022, the Company issued 16,850 common shares pursuant to the exercise of 16,850 warrants at an exercise of \$0.80 per share for total proceeds of \$13,480.

**Capital Resources**

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

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

*Capital risk management*

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

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*(in Canadian dollars, unless otherwise stated)*

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**6. Commitment**

During the year ended December 31, 2015, the Company signed a new office lease effective October 1, 2015 in the amount of \$4,642 per month plus escalation for a period of three years. In April 2018, the Company extended the lease for another three years for similar rates. On September 23, 2021 the Company extended the lease for another two years at an increase of \$1.00 per square foot.

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**7. Off-Balance Sheet Arrangements**

None.

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**8. Outstanding Share Data**

The Company's issued and outstanding common shares are 3,866,324 as at the date of this report.

The Company has 225,000 stock options with an exercise price of \$3.00 per share expiring on August 17, 2025 and 20,000 stock options with an exercise price of \$3.00 per share expiring on October 7, 2025.

The Company has a total of 242,818 share purchase warrants with an exercise price of \$0.80 expiring June 4, 2023, 260,016 share purchase warrants with an exercise price of \$0.80 expiring on June 4, 2023, 7,000 share purchase warrants with an exercise price of \$2.50 expiring on June 4, 2023 and 360,000 share purchase warrants with an exercise price of \$2.50 expiring on July 20, 2024.

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**9. Related Party Transactions**

The following transactions were carried out with related parties:

***Key management personnel – services rendered and other compensation***

Key management includes officers and directors – executive and non-executive. The compensation paid or payable to key management personnel for the services rendered during the three months ended March 31, 2023 and 2022 were as follows:

	<b>Three months ended March 31, 2023</b>	<b>Three months ended March 31, 2022</b>
	\$	\$
Management fees (accrued)	27,000	27,000
Exploration expenses	40,578	37,986
Accounting fees	10,500	10,500
<b>Total</b>	<b>78,078</b>	<b>75,486</b>

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.

During the three months ended March 31, 2023, the Company paid/accrued management fees of \$27,000 (2022 - \$27,000) to a company controlled by Mr. Paul Saxton, the Chief Executive Officer, President and a director of the Company.

During the three months ended March 31, 2023, the Company paid/accrued accounting fees of \$10,500 (2022 - \$10,500) to a company controlled by Mr. Dong Shim, the Chief Financial Officer of the Company.

During the three months ended March 31, 2023, the Company paid/accrued consulting fees of \$40,578 (2022 - \$37,986) included in exploration expenses to Mr. Joseph Sawyer, the President of the Company's US subsidiaries.

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**Related Party Transactions ... (continued)**

***Balance due to related parties***

	<b>As at March 31, 2023</b>	<b>As at December 31, 2022</b>
	<b>\$</b>	<b>\$</b>
Executive officers and their controlled companies	1,633,651	1,180,077
Directors	9,000	9,000
<b>Total</b>	<b>1,642,651</b>	<b>1,189,077</b>
Current portion of balance due to related parties	(1,642,651)	(1,189,077)
<b>Long-term portion of balance due to related parties</b>	<b>-</b>	<b>-</b>

On February 25, 2020, the Company negotiated a debt reorganization with certain related parties to defer repayment in the total amount of \$930,000, consisting of \$407,000 and US\$394,000, for a period of up to three years from the date of the debt settlement agreement with each respective party. Repayment is due on the following terms:

First anniversary of debt settlement agreement	\$5,000 payable to the former CFO \$6,767 (US\$5,000) payable to VP of Operations \$20,300 (US\$15,000) payable to VP of Exploration
Second anniversary of debt settlement agreement	\$35,000 payable to the President \$5,000 payable to the former CFO \$28,419 (US\$21,000) payable to VP of Operations \$56,839 (US\$42,000) payable to VP of Exploration
Third anniversary of debt settlement agreement	\$362,000 payable to the President \$123,150 (US\$91,000) to VP of Operations \$297,726 (US\$220,000) payable to VP of Exploration

The balance due to these related parties related to the debt reorganization is initially measured at the present value of the payments in the amount of \$865,181 on the debt settlement date, using a discount rate of 10%. This resulted in the Company recognizing a gain on settlement of debt of \$223,724 and interest expense of \$59,719 during the year ended December 31, 2020. During the three months ended March 31, 2023, the Company recognized interest expense of \$11,967 (2022 - \$18,738).

***Balance due to/from related parties***

	<b>As at March 31, 2023</b>	<b>As at December 31, 2022</b>
	<b>\$</b>	<b>\$</b>
<b>Balance due (to) from related parties</b>		
Companies with a director in common	(710)	590

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**Related Party Transactions ... (continued)**

***Loans***

During the year ended December 31, 2022, the Company received \$43,100 (2021 - \$Nil), unsecured demand loan from the President of the Company. The loans are unsecured and payable on demand. The loan of \$28,490 and \$43,100 bears interest at 5% and 8% per annum, respectively. The Company may repay the principal, in whole or in part, at any time without penalty. As at March 31, 2023, the total loan payable balance to the President of the Company was \$94,853 (December 31, 2022 - \$101,958). On February 25, 2020, the Company negotiated a debt reorganization with respect to this unsecured demand loan to defer repayment in the amount of \$60,000 for a period of up to three years from the date of the debt settlement agreement. Repayment of \$20,000 is due on the one year anniversary of the debt settlement agreement, \$10,000 is due on the second year anniversary of the debt settlement agreement and \$30,000 is due on the third anniversary of the debt settlement agreement.

As of March 31, 2023, the Company had received advances totaling \$440,000 (December 31, 2022 - \$440,000) from Mr. Ronald K. Netolitzky, a previous control person of the Company, and two other companies controlled by Mr. Ronald K. Netolitzky. The advances are unsecured, non-interest bearing and due on demand. On May 20, 2020, the Company entered into a sale and purchase agreement to assign a 25% interest in and to the ADGIS Agreement and an undivided 25% interest in and to the Oro Cruz Property in full and final settlement of the total advances of \$440,000. The Company recognized a gain on settlement of debts of \$440,000 related to this sale and purchase agreement during the year ended December 31, 2020.

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

On August 24, 2018, September 11, 2018, October 23, 2018, January 23, 2019, March 29, 2019, May 30, 2019 and April 1, 2021, the Company received \$65,180 (US\$50,000), \$65,070 (US\$50,000), \$91,994 (US\$70,000), \$93,436 (US\$70,000), \$66,815 (US\$50,000), \$53,344 (US\$40,000) and \$37,695 (US\$30,000) from Dragon Hill Creation Limited, respectively, a company controlled by a director of the Company. On December 22, 2021, the Company made a repayment of \$100,000 (US\$77,730). The loans are unsecured and evidenced by promissory notes bearing interest at 8-10% per annum, calculated and payable on the termination dates of the promissory notes from June 30, 2019 to March 31, 2022. The Company may prepay the principal, in whole or in part, at any time without penalty and the terms of the loans are currently being renegotiated.

***Other transactions with related parties***

During the three months ended March 31, 2023, the Company received \$3,713 (2022 - \$3,713) from Golden Band and Goldcliff for office rent. These companies have certain officers and directors in common.

Gold Band is a private company and Goldcliff is a public company with a director in common with the Company.

**10. Proposed Transactions**

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

**11. Accounting Policies - International Financial Reporting Standards (IFRS)**

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

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**Accounting Policies - International Financial Reporting Standards (IFRS) ... (continued)**

***Changes in Accounting Standards***

The Company adopted no material new accounting standards during its current fiscal year, and is unaware of any applicable, but not-yet-adopted standards that are expected to materially affect the financial statements of future periods.

***Critical Accounting Estimates and Judgments***

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

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

***Company's title on mineral property interests***

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

***Share-based compensation***

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can significantly change 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.

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## 12. Financial Instruments

### Categories of financial instruments

	March 31, 2023	December 31, 2022
	\$	\$
<b>Financial assets *</b>		
<i>Amortized at cost</i>		
Cash	64,058	18,279
Other receivables	237	12,229
	64,295	30,508
<b>Financial liabilities</b>		
<i>Amortized at cost</i>		
Accounts payable and accrued liabilities	730,713	755,228
Due to related parties	1,642,651	1,559,855
Lease liability	30,439	45,099
Loans payable	94,853	101,958
Promissory notes	1,262,860	998,479
	3,761,516	3,460,619

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

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

#### **Fair value**

The carrying value of cash, other receivables, accounts payable and accrued liabilities, due to related parties, loans payable, and promissory notes are measured at amortized cost. The carrying value of lease liability approximated its fair value as it bears interest that approximates current market rates.

## 13. Risks and Uncertainties

### **Foreign exchange risk**

The Company's operations in the United States expose the Company to foreign exchange risk. The Company is subject to currency risk due to the fluctuations of exchange rates between the Canadian and US dollars. The Company does not believe it is exposed to significant foreign exchange risk. A 10% fluctuation in the foreign exchange rate between the Canadian and US dollar will result in a foreign exchange gain/loss of approximately \$135,000. The Company does not enter into derivative financial instruments to mitigate foreign exchange risk.

### **Credit risk**

The Company is not exposed to material credit risk.

### **Interest rate risk**

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

### **Liquidity risk**

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities.

Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.



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**Risks and Uncertainties ... (continued)**

***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 metal and base metal prices to determine the appropriate course of action to be taken by the Company.

***Coronavirus global pandemic risk***

In March 2020 the World Health Organization declared the coronavirus a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

During the first quarter of 2022 the B.C. and Canadian governments relaxed the restriction, on travel, the wearing of masks, and showing of vaccination cards when entering restaurants and public places. The Company does not now require personnel in our office to wear masks.

***Other***

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

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 of property acquisitions and/or 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 planned commitments.

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

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

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

World health related issues associated with COVID-19 pandemic may impede the Company from completing the permitting process as quickly as first thought possible. At the time of writing this MDA there are numerous issues associated with the pandemic that remain unclear. How this will affect the Company's ability to proceed with funding the Company and carry on with ongoing permitting is uncertain.

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#### **14. Trends**

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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. Both of these trends were very mixed up until this quarter when Covid restrictions were relaxed.

One is the price of commodities that are being produced and the other is the general market condition. Over the last few years the trend in the prices of precious metals, in particular gold, has been mixed on the spot basis as well as the average trailing prices of the metals. The gold price has risen and now has been dropping in the last month or two and is fluctuating between \$1700 and \$2000 US per ounce.

The other aspect is the general stock market conditions. Unfortunately, the junior mining sector has been under tremendous negative pressure in the market over the last few years and this has continued since the beginning of the year. Previous to the gold market moving upward significant amounts of investing have occurred in the marijuana and blockchain areas which has taken away from investment in the junior mining industry. Lincoln is committed to advancing its properties to production as quickly as possible to get into a positive cash flow position.

#### **15. Outlook**

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Precious metals prices, especially gold, have been trending flat and slightly downward generally except for the last three or four months when the price has begun to fluctuate in the \$1700 to \$2000 range. However depending on economic conditions world-wide and world events including the Corona Virus this could change. These changes can be not only to interest rate changes in the U.S. but the world economy in general. Lincoln will require significant investment as it transitions into development stage projects. This needed investment may become more difficult to obtain if these world wide conditions persist. Lincoln management's objective is to become a new junior gold-silver producer in the United States, where there is no threat to mineral tenure or repatriation of mining profits.

#### **Cautionary Statement**

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