



**FORM 51-102F6V**

**STATEMENT OF EXECUTIVE COMPENSATION  
(for the year ended December 31, 2018)**

**LINCOLN MINING CORPORATION  
("Lincoln" or the "Company")  
Suite 400 – 789 West Pender Street  
Vancouver, BC V6C 1H2**

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**ITEM 1 – GENERAL PROVISIONS**

**Definitions**

For the purposes of this Statement of Executive Compensation, the following definitions will apply:

**"Company"** includes Lincoln Mining Corporation and its two U.S. subsidiaries Lincoln Resource Group Corp. and Lincoln Gold US Corp., both Nevada corporations;

**"Compensation securities"** includes option-based awards, share-based settlements, or any convertible or exchangeable securities, granted or issued by the Company to directors or officers for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries;

**"CEO"** means an individual who acted as chief executive officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

**"CFO"** means an individual who acted as chief financial officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

**"NEO" or "Named Executive Officer"** means each of the following individuals:

- (i) a CEO and or a CFO;
- (ii) in respect of the Company and its subsidiaries, the most highly compensated executive officers acting in a similar capacity other than the individuals identified in (i) at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000 as determined in accordance with applicable securities laws; and
- (iii) each individual who would be a NEO under paragraph (ii) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity at the end of the most recently completed financial year.

Based on the foregoing definitions, during the last completed fiscal year of the Company, Lincoln had four NEOs, namely:

- Paul Saxton, President, CEO and Secretary and Director
- Eugene Beukman, Chief Financial Officer

## ITEM 2 – DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

### Summary Compensation Table

The following table (presented in accordance with National Instrument Form 51-102F6 ("Statement of Executive Compensation")) sets forth all annual and long term compensation for services in all capacities to the Company for the two most recently completed financial years of the Company ending on December 31, 2018 (to the extent required by Form 51-102F6) in respect of each of the individuals comprised of the Chief Executive Officer and the Chief Financial Officer, who acted in such capacity for all or any portion of the most recently completed financial year, as at December 31, 2018 or whose total compensation was, individually, more than \$150,000 for the financial year and any individual who would have satisfied these criteria but for the fact that individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year (collectively the "**Named Executive Officers**" or "**NEOs**"). Also see "Director Compensation" below for compensation to directors who are not named executive officers.

| NEOs – Table of Compensation Excluding Compensation Securities      |      |                                                     |            |                                |                           |                                      |                         |
|---------------------------------------------------------------------|------|-----------------------------------------------------|------------|--------------------------------|---------------------------|--------------------------------------|-------------------------|
| Name & Position                                                     | Year | Salary, Consulting Fee, Retainer or Commission (\$) | Bonus (\$) | Committee or Meeting Fees (\$) | Value of Perquisites (\$) | Value of all Other Compensation (\$) | Total Compensation (\$) |
| Paul Saxton<br>President & CEO<br>& Director<br>since Aug. 18, 2009 | 2018 | Nil                                                 | Nil        | Nil                            | Nil                       | 118,000 (1)                          | 118,000                 |
|                                                                     | 2017 | Nil                                                 | Nil        | Nil                            | Nil                       | 108,000 (2)                          | 108,000                 |
| Eugene Beukman<br>CFO<br>since Mar. 1, 2014                         | 2018 | Nil                                                 | Nil        | Nil                            | Nil                       | 60,000 (3)                           | 60,000                  |
|                                                                     | 2017 | Nil                                                 | Nil        | Nil                            | Nil                       | 70,250 (4)                           | 70,250                  |

- (1) This amount represents management fees accrued to Bromley Resources Ltd., a company owned by Mr. Saxton, for the period from January 1, 2018 to December 31, 2018. Mr. Saxton has not invoiced the Company for his services.
- (2) This amount represents management fees accrued to Bromley Resources Ltd., a company owned by Mr. Saxton, for the period from January 1, 2017 to December 31, 2017. Mr. Saxton has not invoiced the Company for his services.
- (3) This amount represents management fees paid or accrued to Pender Street Corporate Consulting Ltd., a company owned by Mr. Beukman, for the period from January 1, 2018 to December 31, 2018.
- (4) This amount represents management fees paid or accrued to Pender Street Corporate Consulting Ltd., a company owned by Mr. Beukman, for the period from January 1, 2017 to December 31, 2017.

### NOEs Narrative Discussion

Bromley Resources Ltd., a private company owned by Paul Saxton, entered into an executive management consulting agreement with the Company effective August 18, 2009 for a period of five years. The agreement was renewed for another five years (until August 2019) under the same terms. Pursuant to the agreement, Mr. Saxton provides management and administration services and acts as the President and Chief Executive Officer and Secretary of the Company for an annual fee of \$108,000 with such yearly increases as approved by the Board. Mr. Saxton has not invoiced the Company for his services and his annual fee is accrued to Bromley Resources Ltd.

Pender Street Corporate Consulting Ltd. ("PSCC"), a private company owned by Eugene Beukman, entered into a contract for management, executive management, accounting and administrative services with the Company effective September 8, 2009, and amended on March 1, 2014, for a monthly fee of \$5,000.00 per month. The services agreement

will automatically renew for a 12-month term until either party gives ninety (90) days' notice of non-renewal, in which case it shall terminate.

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

| <b>DIRECORS – Table of Compensation Excluding Compensation Securities</b> |             |                                                                                |                       |                                                   |                                          |                                                         |                                        |
|---------------------------------------------------------------------------|-------------|--------------------------------------------------------------------------------|-----------------------|---------------------------------------------------|------------------------------------------|---------------------------------------------------------|----------------------------------------|
| <b>Name &amp; Position</b>                                                | <b>Year</b> | <b>Salary,<br/>Consulting<br/>Fee,<br/>Retainer or<br/>Commission<br/>(\$)</b> | <b>Bonus<br/>(\$)</b> | <b>Committee<br/>or Meeting<br/>Fees<br/>(\$)</b> | <b>Value of<br/>Perquisites<br/>(\$)</b> | <b>Value of all<br/>Other<br/>Compensation<br/>(\$)</b> | <b>Total<br/>Compensation<br/>(\$)</b> |
| Andrew Milligan                                                           | 2018        | Nil                                                                            | Nil                   | Nil                                               | Nil                                      | Nil                                                     | Nil                                    |
|                                                                           | 2017        | Nil                                                                            | Nil                   | Nil                                               | Nil                                      | Nil                                                     | Nil                                    |
| Kevin Nishi                                                               | 2018        | See below<br>Narrative<br>Discussion                                           | Nil                   | Nil                                               | Nil                                      | Nil                                                     | Nil                                    |
|                                                                           | 2017        | Nil                                                                            | Nil                   | Nil                                               | Nil                                      | Nil                                                     | Nil                                    |
| Ronald Coombes                                                            | 2018        | Nil                                                                            | Nil                   | Nil                                               | Nil                                      | Nil                                                     | Nil                                    |
|                                                                           | 2017        | Nil                                                                            | Nil                   | Nil                                               | Nil                                      | Nil                                                     | Nil                                    |

## **Stock Option Plans and Incentive Plans**

### Narrative Discussion

The Company does not have any incentive plans, pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period is awarded, earned, paid or payable to the Named Executive Officers, other than the Company's incentive Stock Option Plan, which is considered "compensation securities" within the meaning of Form 51-102F6V or an "incentive plan" within the meaning of Form 51-102F6.

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

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

During the year ended December 31, 2018, no stock options were granted and no stock options have been exercised. Also, there was no re-pricing of stock options under the Stock Option Plan or otherwise during the Company's completed financial year ended December 31, 2018.

### Outstanding Option-Based Awards

The following table sets forth information concerning all option-based awards outstanding at the end of the Company's most recently completed financial year, including awards granted prior to the most recently completed financial year, to each of the Named Executive Officers and directors who are not NEOs:

| Name & Position                           | Option-Based Awards                                     |                            |                        |                                                    | Share-Based Awards                                           |                                                                        |
|-------------------------------------------|---------------------------------------------------------|----------------------------|------------------------|----------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------------|
|                                           | Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Value of Unexercised In-The-Money Options (1) (\$) | Number of Shares or Units of Shares that Have Not Vested (#) | Market or Payout Value of Share-Based Awards that Have Not Vested (\$) |
| Paul Saxton<br>President & CEO & Director | 390,000                                                 | \$0.15                     | November 26, 2019      | Nil                                                | N/A                                                          | N/A                                                                    |
| Eugene Beukman<br>CFO                     | 120,000                                                 | \$0.15                     | November 26, 2019      | Nil                                                | N/A                                                          | N/A                                                                    |
| Andrew Milligan<br>Director               | 120,000                                                 | \$0.15                     | November 26, 2019      | Nil                                                | N/A                                                          | N/A                                                                    |
| Ronald Coombes<br>Director                | 120,000                                                 | \$0.15                     | November 26, 2019      | Nil                                                | N/A                                                          | N/A                                                                    |
| Kevin Nishi (1)<br>Director               | 120,000                                                 | \$0.15                     | November 26, 2019      | Nil                                                | N/A                                                          | N/A                                                                    |

(1) Mr. Nishi resigned as a director on February 28, 2019, his stock option expired on March 31, 2019.

On November 26, 2014, stock options were granted to NEOs and directors with an exercise price of \$0.15 per share and a term of five years. No options have been granted during calendar years 2015, 2016, 2017 or 2018. Current options outstanding will expire on November 26, 2019.

## **Employment, Consulting and Management Agreements**

### Pension Plan Benefits

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

### Consulting, Management, Termination and Change of Control Benefits

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

Pursuant to Mr. Saxton's consulting agreement, in the event that Mr. Saxton is terminated for any reason other than just cause, he is entitled to a severance payment of up to one year's base fee, depending on length of service. If Mr. Saxton is terminated in the event of a change of control of the Company, or he terminates his engagement within 90 days after the occurrence of a change of control of the Company, Mr. Saxton is entitled to a severance payment of three times his annual base fee. Under the terms of Mr. Saxton's consulting agreement, the estimated incremental payment upon termination by the Company on a change of control of the Company, is that on termination Mr. Saxton is entitled to receive approximately \$330,000, based upon an amount equal to three times his base fee.

Mr. Beukman does not have any contract in connection with termination and change of control benefits in his capacity as CFO; however Pender Street Corporate Consulting Ltd. (a company owned by Mr. Beukman) is entitled to ninety days' notice if the management, accounting and administrative services contract is terminated.

### Compensation Philosophy and Objectives

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

The Company's Compensation Committee consists of two directors who oversee the formal compensation program and make recommendations to the Board. See "*Compensation Governance*" below. The Board meets to discuss and determine management compensation, without reference to formal objectives, criteria or analysis. The general objectives of the Company's compensation strategy are to:

- (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value;
- (b) align management's interests with the long-term interest of shareholders;
- (c) provide a compensation package that is commensurate with other junior mineral exploration companies to enable the Company to attract and retain talent; and
- (d) to ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is a natural resource company without a history of earnings. The Board ensures that total compensation paid to all Named Executive Officers, as hereinafter defined, is fair and reasonable. The Board relies on the experience of its members in assessing compensation levels.

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

#### Analysis of Elements

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

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

#### Option-Based Awards

The Company's stock option plan will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of the Company. The Board has the responsibility to administer the compensation policies related to the executive management of the Company, including option-based awards.

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

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

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

The Board makes these determinations subject to and in accordance with the provisions of the Company's stock option plan and the policies of the TSXV, and after considering recommendations received from the Company's Compensation Committee. The Board of Directors reviews and approves grants of options on an annual basis and periodically during a financial year.

#### Assessment of Risks Associated with Compensation Policies and Practices

As a result of the Company's small size and limited executive pool, the Company's process for determining executive compensation is relatively simple and does not include formal targets, criteria or analysis. The Board has the responsibility of assessing risk as it pertains to the Company's compensation strategy. The Board has determined that, as at the date of the last Information Circular, there are no identified risks arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company. In reaching this determination, the Board considered, for example, that the Company's compensation practices and policies do not include structural inconsistencies that are likely to unduly encourage or cause an executive officer to expose the Company to inappropriate or excessive risks.

The Company has not adopted a policy forbidding directors or officers from purchasing financial instruments that are designed to hedge or offset a decrease in market value of the Company's securities granted as compensation or held, directly or indirectly, by directors or officers. The Company is not aware of any directors or officers having entered into this type of transaction.

#### Compensation Governance

The Company has established a Compensation Committee to assist the Board in discharging its duties relating to all compensation (including stock options) paid by the Company to senior officers of the Company and the members of the Board. The Compensation Committee's responsibilities include reviewing, evaluating and recommending compensation payable to senior officers and directors, overseeing the Company's general compensation structure and strategies and administering equity compensation plans as requested by the Board. The Board reviews and recommends the compensation for the Company's senior officers in conjunction with the recommendations received from the Compensation Committee. The Board also oversees the Company's general compensation and benefits policies with the assistance of the Compensation Committee.

To determine compensation payable for the directors and senior officers of the Company, the Compensation Committee considers compensation paid for directors and senior officers of companies of similar size and stage of development in the mineral exploration and development industry and determines appropriate compensation that reflects the time and effort expended by the directors and senior officers, while taking into account financial and other resources of the Company.

The Compensation Committee is comprised of Andrew Milligan and Ronald Coombes, both of whom are independent directors.

Mr. Milligan has director and senior officer experience relevant to his responsibilities in executive compensation by virtue of similar responsibilities in his extensive roles as a senior executive officer of several public companies and also as a board member of a number of mineral exploration companies over the past 35 years.

Mr. Coombes has experience as a director and senior officer of several public companies and has knowledge of market rates for the mineral industry key positions, from which recommendations are made to the Compensation Committee.

A compensation consultant or advisor has not been retained, at any time since the Company's most recently completed financial year, to assist the Board or the Compensation Committee in determining compensation for any of the Company's directors or executive officers.