



LINCOLN GOLD MINING INC.

**UNAUDITED CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS**

for the nine months ended September 30, 2021

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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 nine-month period ended September 30, 2021.

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

(Unaudited)

As at September 30, 2021, and December 31, 2020

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

	Notes	September 30, 2021	December 31, 2020
		\$	\$
Assets			
Current assets			
Cash		211,666	113,895
Receivables	11	29,640	34,529
Prepaid expenses		13,513	17,353
		254,819	165,777
Non-current assets			
Equipment		44,545	3,697
Right-of-use asset	4	-	37,759
Deposits		14,034	14,032
Mineral properties	5	764,849	455,005
		823,428	510,493
Total assets		1,078,247	676,270
Liabilities and shareholders' deficiency			
Current liabilities			
Accounts payable and accrued liabilities	6	303,789	329,954
Due to related parties	11	433,723	263,467
Lease liability	8	-	43,237
Loans payable	9	25,021	13,856
Promissory notes	10	667,556	591,663
		1,430,089	1,242,177
Non-current liabilities			
Accounts payable and accrued liabilities	6	175,016	171,276
Due to related parties	11	654,706	718,741
Loans payable	9	25,689	33,120
Provision for environmental rehabilitation	7	82,817	82,758
		938,228	1,005,895
Total liabilities		2,368,317	2,248,072
Shareholders' deficiency			
Share capital	12	26,638,543	25,536,362
Capital reserves	12	3,440,650	3,386,465
Deficit		(31,369,263)	(30,494,629)
Total shareholders' deficiency		(1,290,070)	(1,571,802)
Total liabilities and shareholders' deficiency		1,078,247	676,270

Nature of operations (Note 1)

Subsequent events (Note 16)

Approved and authorized by the Board on November 19, 2021.

<u>"Paul Saxton"</u>	Director	<u>"Andrew Milligan"</u>	Director
Paul Saxton		Andrew Milligan	

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

LINCOLN GOLD MINING INC.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss***(Unaudited)**For the three and nine months ended September 30, 2021 and 2020**(All amounts are in Canadian Dollars, unless otherwise stated)*

	Notes	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Exploration expenses	5, 11	\$ 159,902	\$ 80,862	\$ 290,167	\$ 278,486
Administrative expenses					
Consulting and management fees	11	96,405	64,350	193,337	150,790
Depreciation		15,014	12,716	40,882	37,888
Foreign exchange loss (gain)		48,883	(30,801)	(1,070)	46,890
Investor relations and shareholder services		3,693	19,233	23,247	53,634
Office maintenance		53,819	26,612	131,452	90,233
Professional fees	11	17,267	17,653	76,582	78,765
Share-based compensation	11, 12	701	483,683	7,566	483,683
Travel		1,789	-	2,187	5,042
		237,571	593,446	474,183	946,925
Other expenses (income)					
Interest expense	6, 9, 11	37,380	14,443	110,284	57,890
Gain on settlement of debts	12	-	-	-	(495,000)
Write-off of accounts payable		-	-	-	(500)
		37,380	14,443	110,284	(437,610)
Loss and comprehensive loss for the period		\$ (434,853)	\$ (688,751)	\$ (874,634)	\$ (787,801)
Basic and diluted loss per common share		\$ (0.01)	\$ (0.03)	\$ (0.03)	\$ (0.04)
Weighted average number of common shares outstanding		35,592,139	23,956,166	31,911,952	20,238,408

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 nine months ended September 30, 2021 and 2020

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

	2021	2020
	\$	\$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the period	(874,634)	(787,801)
Items not affecting cash:		
Accrued interest expense	110,283	45,407
Depreciation	40,882	37,888
Gain on settlement of debts	-	(495,000)
Share-based compensation	7,566	483,683
Unrealized foreign exchange	1,681	9,593
Write-off of accounts payable	-	(500)
Changes in non-cash working capital items:		
Decrease in accounts payable and accrued liabilities	(35,163)	(530,230)
Increase in due to related parties	50,807	644,463
Decrease in prepaid expenses and deposits	3,838	23,338
Decrease in receivables	4,889	13,543
Net cash used in operating activities	(689,851)	(555,616)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of mineral properties	(213,844)	(99,005)
Purchase of equipment	(43,971)	(4,178)
Net cash used in investing activities	(257,815)	(103,183)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued for cash	1,063,300	699,200
Share issue costs	(10,500)	(9,625)
Loans received	37,695	-
Loans paid	-	(7,756)
Payment for lease liability	(45,058)	(44,037)
Net cash provided by financing activities	1,045,437	637,782
Net change in cash for the period	97,771	(21,017)
Cash, beginning of the period	113,895	56,244
Cash, end of the period	211,666	35,227

Supplemental cash flow information (Note 14)

LINCOLN GOLD MINING INC.**Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency***(Unaudited)**For the nine months ended September 30, 2021 and 2020**(All amounts are in Canadian Dollars, unless otherwise stated)*

	Number of shares	Share capital	Capital reserves	Deficit	Total
		\$	\$	\$	\$
Balance at December 31, 2019	15,664,596	24,163,791	2,908,994	(29,752,521)	(2,679,736)
Private placement	7,056,363	666,200	33,000	-	699,200
Share issue costs	-	(9,625)	-	-	(9,625)
Shares issued for debt	2,200,000	165,000	-	-	165,000
Shares issued for mineral interests	1,300,000	200,000	-	-	200,000
Special warrants exercised	1,055,123	633,074	(633,074)	-	-
Share-based compensation	-	-	483,683	-	483,683
Loss for the period	-	-	-	(787,801)	(787,801)
Balance at September 30, 2020	27,276,082	25,818,440	2,792,603	(30,540,322)	(1,929,279)
Balance at December 31, 2020	29,456,082	25,536,362	3,386,465	(30,494,629)	(1,571,802)
Private placement	6,368,666	1,027,300	36,000	-	1,063,300
Shares issued for mineral interests	550,000	96,000	-	-	96,000
Share issue costs	-	(21,119)	10,619	-	(10,500)
Share-based compensation	-	-	7,566	-	7,566
Loss for the period	-	-	-	(874,634)	(874,634)
Balance at September 30, 2021	36,374,748	26,638,543	3,440,650	(31,369,263)	(1,290,070)

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 nine months ended September 30, 2021 and 2020

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

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 nine months ended September 30, 2021 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 nine months ended September 30, 2021 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, 2020.

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 November 19, 2021.

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 \$1,175,270 (December 31, 2020 - \$1,076,400) and total liabilities of \$2,368,317 (December 31, 2020 - \$2,248,072). 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 nine months ended September 30, 2021 and 2020

(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 nine months ended September 30, 2021 and 2020

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

4 Right-of-use asset

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

Balance at January 1, 2020	\$ 88,103
Depreciation	(50,344)
Balance at December 31, 2020	37,759
Depreciation	(37,759)
Balance at September 30, 2021	-

5 Mineral properties

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

	Canada		United States		Total
	Shawinigan	Pine Grove	Oro Cruz		
Balance at December 31, 2019	\$ -	\$ 156,000	\$ -	\$ 156,000	
Additions	-	299,005	-	299,005	
Balance at December 31, 2020	-	455,005	-	455,005	
Additions	86,000	223,844	-	309,844	
Balance at September 30, 2021	86,000	678,849	-	764,849	

Exploration expenditures (recoveries) incurred during the nine months ended September 30, 2021:

	United States		Total
	Pine Grove	Oro Cruz	
Advance royalty payments	\$ 150,156	\$ -	\$ 150,156
Contractors	128,946	3,839	132,785
Field supplies	2,689	-	2,689
General administration	22,512	-	22,512
Geochemistry	5,452	-	5,452
Land maintenance	54,972	-	54,972
Legal	743	-	743
Permitting environment	1,430	-	1,430
Property evaluation	1,126	-	1,126
Travel and accommodation	888	-	888
Option payment received	-	(82,586)	(82,586)
Total mineral property expenditures	368,914	(78,747)	290,167

LINCOLN GOLD MINING INC.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the nine months ended September 30, 2021 and 2020

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

5 Mineral properties (Cont'd)

Exploration expenditures (recoveries) incurred during the nine months ended September 30, 2020:

	United States		Total
	Pine Grove	Oro Cruz	
	\$	\$	\$
Contractors	127,611	53,539	181,150
General administration	18,502	58	18,560
Land maintenance	60,780	8,893	69,673
Legal	1,752	-	1,752
Permitting environment	157,073	73,474	230,547
Property evaluation	(41,977)	-	(41,977)
Option payment received	-	(33,853)	(33,853)
Recovery from a joint venture partner	-	(147,366)	(147,366)
Total mineral property expenditures	323,741	(45,255)	278,486

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.

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

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

- US\$10,000 upon signing the agreement (paid); and
- US\$30,000 prior to each one-year anniversary of the lease (Years 1-6 paid by the Company; Years 7-10 paid by Goldcliff Resource Corporation ("Goldcliff") a company with a common director; Years 11-14 paid by the Company).

- (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.

LINCOLN GOLD MINING INC.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the nine months ended September 30, 2021 and 2020

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

5 Mineral properties (Cont'd)

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

- (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 4,000 common shares of the Company as follows:

- On closing US\$250,000 and 1,500 shares (paid)
- August 23, 2011 US\$150,000 and 1,500 shares (paid)
- August 23, 2012 US\$150,000 and 1,000 shares (paid)
- August 23, 2013 US\$100,000 (paid)

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

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

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

Should Placer exercise the Lease Option, Placer has an exclusive right to purchase the Claims (and certain ancillary water rights) plus buyout the royalty for a total consideration of US\$1,500,000 for a period of three years from the anniversary of the lease. The Agreement may be terminated at Placer's discretion upon 60 days' written notice to the Company. The Agreement was terminated in 2019.

- (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.

During the year ended December 31, 2017, the Company was informed by the Nevada State Division of Water Resources that it was forfeiting certain water rights at Pine Grove for non-use.

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

LINCOLN GOLD MINING INC.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the nine months ended September 30, 2021 and 2020

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

5 Mineral properties (Cont'd)

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

- (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 2,750,000 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 (not paid); and
- Cash of US\$50,000 to be paid on or before December 31, 2020 (not paid).

Shares, 2,750,000 shares to be issued as follows:

- Shares, 1,200,000 shares issued following the closing of the first financing (issued with a fair value of \$156,000);
- Shares, 800,000 shares to be issued on December 31, 2019 (issued with a fair value of \$80,000); and
- Shares, 750,000 shares to be issued on March 31, 2020 (issued with a fair value of \$150,000) (Note 12).

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

- (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 and December 31, 2022;
- 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.

LINCOLN GOLD MINING INC.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the nine months ended September 30, 2021 and 2020

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

(b) Oro Cruz Property, California

In February 2010, the Company's 100% owned U.S. subsidiary, Lincoln 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
- 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.

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 "Owl" 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 made 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).

LINCOLN GOLD MINING INC.

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Mineral properties (Cont'd)

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

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;
- Cash of US\$100,000 to be paid to ADGIS on or before April 15, 2023.

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.

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.

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 10) 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.

(c) Shawinigan Property, Quebec

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
- \$15,000 to be paid on or before the first anniversary of the Agreement
- \$20,000 to be paid on or before October 25, 2022
- \$20,000 to be paid on or before the second anniversary of the Agreement
- \$20,000 to be paid on or before October 25, 2023
- \$40,000 to be paid on or before the third anniversary of the Agreement
- \$50,000 to be paid on or before October 25, 2024
- \$50,000 to be paid on or before the fourth anniversary of the Agreement
- \$50,000 to be paid on or before October 25, 2025
- \$80,000 to be paid on or before the fifth anniversary of the Agreement

LINCOLN GOLD MINING INC.

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5 Mineral properties (Cont'd)

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

Issue up to 2,600,000 common shares as follows:

- 300,000 common shares within 30 days of approval from TSX Venture Exchange (issued with a fair value of \$66,000)
- 300,000 common shares on or before the first anniversary of the Agreement
- 300,000 common shares on or before the second anniversary of the Agreement
- 300,000 common shares on or before the third anniversary of the Agreement
- 400,000 common shares on or before the fourth anniversary of the Agreement
- 500,000 common shares on or before the fifth anniversary of the Agreement
- 500,000 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
- \$250,000 within two years period from the date of the Agreement
- \$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.

6 Accounts payable and accrued liabilities

	September 30, 2021	December 31, 2020
	\$	\$
Accounts payable	458,805	463,863
Accrued liabilities	20,000	37,367
Closing balance	478,805	501,230
Current portion of accounts payable and accrued liabilities	(303,789)	(329,954)
Long-term portion of accounts payable and accrued liabilities	175,016	171,276

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	\$212,269 (€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 nine months ended September 30, 2021, the Company recognized interest expense of \$12,738.

LINCOLN GOLD MINING INC.

Notes to the Condensed Interim Consolidated Financial Statements

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7 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\$70,000. Management expects that the cleanup costs would be incurred in the future, at the end of the expected useful life of the property; however, as the technical feasibility of Pine Grove Property has not been completed yet, the life of the property is uncertain at the reporting date. The provision represents best management estimates and includes the following assumptions: term – 10 years; inflation rate – 0.7%, pre-tax risk-free interest rate – 2.8%.

The closing balance is summarized as follows:

	September 30, 2021	December 31, 2020
	\$	\$
Beginning balance	82,758	84,422
Changes in exchange rates	59	(1,664)
Closing balance	82,817	82,758

During the nine months ended September 30, 2021 and 2020, the finance costs in relation to the accretion of the provision are negligible.

8 Lease liability

	Total
	\$
Balance at January 1, 2020	95,105
Interest expense	7,188
Lease payments	(59,056)
Balance at December 31, 2020	43,237
Interest expense	1,821
Lease payments	(45,058)
Balance at September 30, 2021	-
Current portion of lease liability	-
Long-term portion of lease liability	-

LINCOLN GOLD MINING INC.

Notes to the Condensed Interim Consolidated Financial Statements

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9 Loans payable

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

	Nine months ended September 30, 2021	Year ended December 31, 2020
	\$	\$
Opening balance	46,976	59,795
Discount on debt settlement	-	(9,554)
Loans repaid during the period	-	(7,756)
Interest accrued during the period	3,734	4,491
Closing balance	50,710	46,976
Current portion of loans payable	(25,021)	(13,856)
Long-term portion of loans payable	25,689	33,120

The loan is unsecured, bearing interest at 5% per annum, calculated and payable on demand.

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.

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 nine months ended September 30, 2021, the Company recognized interest expense of \$2,568.

10 Promissory notes

	Nine months ended September 30, 2021	Year ended December 31, 2020
	\$	\$
Opening balance	591,663	1,064,987
Interest accrued during the period	36,576	50,285
Loan received	37,695	-
Settlement of promissory notes	-	(503,000)
Foreign exchange	1,622	(20,609)
Closing balance	667,556	591,663

The Company has 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 5) 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.

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Notes to the Condensed Interim Consolidated Financial Statements

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10 Promissory notes (Cont'd)

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 630,000 common shares for settlement of debt in the amount of \$63,000 consisting of principal balance of \$50,000 and interest of \$13,000 (Note 12).

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 64,344 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. 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.

11 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 nine months ended September 30, 2021 and 2020 were as follows:

	Nine months ended September 30, 2021	Nine months ended September 30, 2020
	\$	\$
Management fees	81,000	81,000
Corporate fees	-	15,000
Exploration expenses	115,622	109,213
Accounting fees	31,500	29,000
Share-based compensation	-	315,180
Total	228,122	549,393

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.

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11 Related party transactions (Cont'd)

Balance due to related parties

	As at September 30, 2021	As at December 31, 2020
	\$	\$
Executive officers and their controlled companies	1,079,429	973,208
Directors	9,000	9,000
Total	1,088,429	982,208
Current portion of balance due to related parties	(433,723)	(263,467)
Long-term portion of balance due to related parties	654,706	718,741

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 \$6,371 (US\$5,000) payable to VP of Operations \$19,112 (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 \$26,756 (US\$21,000) payable to VP of Operations \$53,512 (US\$42,000) payable to former VP of Exploration
Third anniversary of debt settlement agreement	\$362,000 payable to the President \$115,943 (US\$91,000) to VP of Operations \$280,302 (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 nine months ended September 30, 2021, the Company recognized interest expense of \$55,414.

Balance due/to from related parties

	As at September 30, 2021	As at December 31, 2020
	\$	\$
Balance due from related parties		
Companies with a director in common	-	590
Balance due to related parties		
Companies with a director in common	710	-

The balances due from related parties are included in receivables.

Loans from related parties

See Notes 9, 10 and 12 for further details.

LINCOLN GOLD MINING INC.

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11 Related party transactions (Cont'd)

Other transactions with related parties

During the nine months ended September 30, 2021, the Company received \$10,040 (2020 - \$11,140) 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 5.

On March 9, 2020, the Company issued 1,570,000 common shares to settle indebtedness to certain related parties of \$157,000 (Note 12).

12 Share capital and reserves

a) Authorized share capital

As at September 30, 2021 and December 31, 2020, 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. As at September 30, 2021 there were 36,374,748 (December 31, 2020 – 29,456,082) fully paid common shares issued.

On July 20, 2021, the Company closed a non-brokered private placement. The Company issued a total of 3,600,000 units at a price of \$0.18 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 \$0.25 per share for a period of three years.

On June 11, 2021, the Company issued 300,000 shares at a value of \$66,000 to pursuant to the Shawinigan Property mineral interest (Note 5).

On June 4, 2021, the Company closed a non-brokered private placement. The Company issued a total of 2,768,666 units at a price of \$0.15 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 \$0.25 per share until June 4, 2023. The Company paid cash finders' fees of \$10,500 and issued 70,000 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 \$0.25 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%.

On March 9, 2021, the Company issued 250,000 shares at a value of \$30,000 to Goldcliff, pursuant to the Pine Grove Property, Nevada mineral interest (Note 5).

On December 17, 2020, the Company issued 2,180,000 common shares pursuant to the exercise of 2,180,000 warrants at an exercise between \$0.10 and \$0.14 per share for total proceeds of \$273,200.

On August 28, 2020, the Company issued 500,000 shares at a value of \$120,000 to Goldcliff, pursuant to the Pine Grove Property, Nevada mineral interest (Note 5).

On August 28, 2020, the Company issued 1,055,123 fully paid common shares pursuant to the exercise of 1,055,123 special warrants. On exercise, \$63,307 was allocated from capital reserves to share capital.

On August 13, 2020, the Company closed a non-brokered private placement. The Company issued a total of 4,856,363 units at a price of \$0.11 per unit for total gross proceeds of \$534,200. Each unit is comprised of one common share of the Company and one-half common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.15 per share until August 13, 2022. The Company paid cash finders' fees of \$9,625 and issued 237,045 finders' warrants at a value of \$37,111. Each finders' warrant entitles the holder to purchase one common share of the Company at a price of \$0.15 per share until August 13, 2022. The fair value of the finders' warrants was calculated using the Black-Scholes Option Pricing Model with an expected life of three years, interest rate of 0.28%, dividend yield of 0% and expected volatility of 182%.

On April 17, 2020, the Company issued 800,000 shares at a value of \$80,000 to Goldcliff, pursuant to the Pine Grove Property, Nevada mineral interest (Note 5).

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12 Share capital and reserves (Cont'd)

a) Authorized share capital (Cont'd)

On April 8, 2020, the Company closed a non-brokered private placement. The Company issued a total of 2,200,000 units at a price of \$0.075 per unit for total gross proceeds of \$165,000. Each unit is comprised of one common share of the Company and one-half common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.10 per share until April 8, 2022. An amount of \$33,000 was allocated to reserves in connection with the residual value of warrants issued.

On March 9, 2020, the Company completed a debt settlement agreement with various creditors of the Company with respect to outstanding debt (including principal and interest) totaling \$220,000. Of this amount, 1,570,000 common shares were issued to settle indebtedness to certain related parties of \$157,000 and 630,000 common shares were issued to settle promissory notes payable of \$63,000 (Notes 10 and 11). The common shares issued had a fair value of \$165,000 resulting in a gain on settlement of debts of \$55,000.

b) Capital reserves

	Capital reserve – options	Capital reserve – warrants	Capital reserve – convertible debenture	Total
	\$	\$	\$	\$
Balance as at December 31, 2019	1,227,184	1,466,424	215,386	2,908,994
Private placement	-	33,000	-	33,000
Exercise of warrants	-	(51,600)	-	(51,600)
Exercise of special warrants	-	(63,307)	-	(63,307)
Finders' warrants issued	-	37,111	-	37,111
Share-based compensation	522,267	-	-	522,267
Balance as at December 31, 2020	1,749,451	1,421,628	215,386	3,386,465
Private placement	-	36,000	-	36,000
Finders' warrants issued	-	10,619	-	10,619
Share-based compensation	7,566	-	-	7,566
Balance as at September 30, 2021	1,757,017	1,468,247	215,386	3,440,650

c) Stock options

As at September 30, 2021, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
2,250,000	\$0.30	August 17, 2025
200,000	\$0.30	October 7, 2025
2,450,000		

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12 Share capital and reserves (Cont'd)

c) Stock options (Cont'd)

Stock option transactions for the nine months ended September 30, 2021 and year ended December 31, 2020 are summarized as follows:

	Nine months ended September 30, 2021		Year ended December 31, 2020	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
		\$		\$
Balance, beginning of period	2,450,000	0.30	-	-
Granted	-	-	2,500,000	0.30
Expired/Cancelled	-	-	(50,000)	0.30
Balance, end of period	2,450,000	0.30	2,450,000	0.30
Options exercisable, end of period	2,450,000	0.30	2,375,000	0.30

During the year ended December 31, 2020, the Company granted 2,500,000 stock options with a fair value of \$0.2119 per option and recorded \$522,267 (2019 - \$Nil) as share-based compensation for options vested during the year.

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the nine months ended September 30, 2021 and year ended December 31, 2020:

	Nine months ended September 30, 2021	Year ended December 31, 2020
Risk-free interest rate	-	0.36%
Expected life of options	-	5 years
Forfeiture rate	-	0%
Annualized volatility	-	176%
Dividend rate	-	0%

d) Warrants

As at September 30, 2021, the Company had share purchase warrants, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
1,820,000	\$0.14	October 30, 2021
300,000	\$0.10	April 8, 2022
3,328,590	\$0.80	April 26, 2022
2,665,227	\$0.15	August 13, 2022
2,838,666	\$0.25	June 4, 2023
3,600,000	\$0.25	July 20, 2024
14,552,483		

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12 Share capital and reserves (Cont'd)

d) Warrants (Cont'd)

Warrants transactions for the nine months ended September 30, 2021 and year ended December 31, 2020 are summarized as follows:

	Nine months ended September 30, 2021		Year ended December 31, 2020	
	Number of Warrants	Weighted average exercise price	Number of Warrants	Weighted average exercise price
		\$		\$
Balance, beginning of period	8,113,817	0.41	6,528,590	0.48
Issued	6,438,666	0.25	3,765,227	0.14
Exercised	-	-	(2,180,000)	0.13
Balance, end of period	14,552,483	0.34	8,113,817	0.41

e) Special warrants

In June 2017, the Company completed a debt settlement agreement. As part of the debt settlement the Company issued 1,600,000 special warrants with a value of \$960,000. Each Special warrant may be exercised for one fully paid and non-assessable common share of the Company without payment of additional consideration for a period of 10 years from the date of issue. The special warrants had no voting rights and no entitlement to dividends.

On July 10, 2019, 544,877 special warrants were exercised into 544,877 common shares.

On August 28, 2020, 1,055,123 special warrants were exercised into 1,055,123 common shares.

There are no remaining special warrants at September 30, 2021.

13 Financial instruments

Capital risk management

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

LINCOLN GOLD MINING INC.

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13 Financial instruments (Cont'd)

Categories of financial instruments

	September 30, 2021	December 31, 2020
	\$	\$
Financial assets *		
<i>Amortized at cost</i>		
Cash	211,666	113,895
Other receivables	14,121	31,154
	225,787	145,049
Financial liabilities		
<i>Amortized at cost</i>		
Accounts payable and accrued liabilities	478,805	501,230
Due to related parties	1,088,429	982,208
Lease liability	-	43,237
Loans payable	50,710	46,976
Promissory notes	667,556	591,663
	2,285,500	2,165,314

* 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.

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 \$151,000. The Company does not enter into derivative financial instruments to mitigate foreign exchange risk.

Credit risk

The Company is not exposed to material credit risk.

Interest rate risk

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

Liquidity risk

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

Price risk

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

LINCOLN GOLD MINING INC.

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14 Supplemental cash flow information

	Nine months ended September 30, 2021	Nine months ended September 30, 2020
	\$	\$
Cash paid for interest	-	-
Cash paid for income taxes	-	-

On June 11, 2021, the Company issued 300,000 shares at a value of \$66,000 to pursuant to the Shawinigan Property mineral interest (Note 12).

On March 9, 2021, the Company issued 250,000 shares at a value of \$30,000 to Goldcliff pursuant to the Pine Grove Property, Nevada mineral interest (Note 12).

On August 28, 2020, the Company issued 500,000 shares at a value of \$120,000 to Goldcliff pursuant to the Pine Grove Property, Nevada mineral interest (Note 12).

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 (Notes 5 and 10) 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.

On April 17, 2020, the Company issued 800,000 shares at a value of \$80,000 to Goldcliff pursuant to the Pine Grove Property, Nevada mineral interest (Note 12).

On March 9, 2020, the Company issued 2,200,000 common shares of the Company to settle outstanding debt totaling \$220,000 (Notes 10 and 12).

On February 25, 2020, the Company negotiated a debt reorganization with certain creditors to defer repayment of accounts payable and accrued liabilities, loan payable and balances due to related parties. The initial measurement of the present value of the payments resulted in the Company recognizing a gain on settlement of debt of \$283,965 during the year ended December 31, 2020.

15 Segmented information

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

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

	Non-current assets
	\$
December 31, 2020	
United States of America	456,787
Canada	53,706
	510,493
September 30, 2021	
United States of America	722,525
Canada	100,903
	823,428

LINCOLN GOLD MINING INC.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the nine months ended September 30, 2021 and 2020

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

16 Subsequent events

On October 25, 2021, the Company paid \$15,000 in connection with the Shawinigan property option agreement.

On October 28, 2021, the Company issued 1,820,000 common shares pursuant to the exercise of 1,820,000 warrants at an exercise of \$0.14 per share for total proceeds of \$254,800.