



## FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) WHICH HAS BEEN PREPARED ON NOVEMBER 27, 2023 TO ACCOMPANY THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF LINCOLN GOLD MINING INC. (THE "COMPANY" OR "LINCOLN") FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 nine months ended September 30, 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.

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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.sedarplus.ca](http://www.sedarplus.ca).

## **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 one project in permitting for production which is the Pine Grove gold property in Nevada, 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 nine months ended September 30, 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.

On June 27, 2023, the Company completed debt settlement agreements with various creditors of the Company by issuing 9,886,364 Debt Units with respect to outstanding debt (including principal and interest) totaling \$1,680,037 included in promissory notes payable. Each Debt Unit consists of one common share and one share purchase warrant of the Company. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.35 per share for a period of three years.

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**Overview ... (continued)**

In November 2023, the Company entered into a purchase agreement with Eros Resources Corp. ("Eros") and Bell Mountain Exploration Corp. ("Bell Mountain" and together with Eros, the "Seller"), a wholly-owned subsidiary of Eros, to acquire all of the assets that comprise the Bell Mountain project (the "Project") located in Churchill County, Nevada (the "Transaction"). Under the purchase agreement, the Company has agreed to issue to either Bell Mountain or Eros, as directed by Eros, 3,000,000 common shares of the Company on the closing date of the Transaction ("Shares") and 1,500,000 common shares of the Company within five business days on the date on which the Company completes any issuance of Shares. The Company will also grant to Bell Mountain a net profits interest of 7.5% of the net returns from gold and silver produced or extracted from the Project up to a maximum of US\$2,000,000. The closing of the Transaction remains subject to the satisfaction of customary closing conditions for a transaction of such nature, including acceptance by the TSX Venture Exchange.

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

On April 25, 2022 Lincoln issued 30,000 shares to Fayz Yacoub 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 nine months ended September 30, 2023, cash used in operating activities was \$367,441 (2022 – \$207,705) respectively for activities as described above and below.

*Financing activities*

During the nine months ended September 30, 2023, the Company received loans of \$440,820 from arm's length individuals. The loans are subject to interest at 12% per annum and unsecured. Of this total amount, \$315,820 is payable on demand and \$125,000 is payable on August 23, 2026. In addition, the Company paid \$46,999 (2022 - \$45,978) 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>3<sup>rd</sup> Quarter<br/>2023</b> | <b>2<sup>nd</sup> Quarter<br/>2023</b> | <b>1<sup>st</sup> Quarter<br/>2023</b> | <b>4<sup>th</sup> Quarter<br/>2022</b> |
|--|--|--|--|--|
|  | <b>\$</b>                              | <b>\$</b>                              | <b>\$</b>                              | <b>\$</b>                              |
| Revenue  | -                                      | -                                      | -                                      | -                                      |
| Exploration expenses                             | 105,970                                | 46,733                                 | 47,313                                 | 88,895                                 |
| Administrative expenses (incl. interest expense) | 192,857                                | 303,815                                | 217,953                                | 157,424                                |
| Loss and comprehensive loss                      | (443,321)                              | (5,431,528)                            | (265,266)                              | (267,240)                              |
| Basic and diluted loss per share                 | (0.01)                                 | (1.30)                                 | (0.07)                                 | (0.07)                                 |
| Total assets                                     | 781,897                                | 945,375                                | 1,021,070                              | 985,510                                |
| Working capital deficiency                       | (2,501,868)                            | (2,336,412)                            | (3,681,077)                            | (3,428,734)                            |

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

|  | <b>3<sup>rd</sup> Quarter<br/>2022</b> | <b>2<sup>nd</sup> Quarter<br/>2022</b> | <b>1<sup>st</sup> Quarter<br/>2022</b> | <b>4<sup>th</sup> Quarter<br/>2021</b> |
|--|--|--|--|--|
|  | <b>\$</b>                              | <b>\$</b>                              | <b>\$</b>                              | <b>\$</b>                              |
| Revenue  | -                                      | -                                      | -                                      | -                                      |
| Exploration expenses                             | 109,116                                | 42,097                                 | 49,347                                 | 321,210                                |
| Administrative expenses (incl. interest expense) | 257,449                                | 213,264                                | 113,751                                | 188,881                                |
| Loss and comprehensive loss                      | (366,565)                              | (255,361)                              | (163,098)                              | (510,091)                              |
| Basic and diluted loss per share                 | (0.10)                                 | (0.07)                                 | (0.04)                                 | (0.13)                                 |
| Total assets                                     | 1,024,503                              | 1,012,644                              | 1,038,276                              | 1,088,428                              |
| Working capital deficiency                       | (3,171,435)                            | (2,805,357)                            | (2,588,958)                            | (1,540,750)                            |

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.

During the quarter ended June 30, 2023, the Company completed debt settlement agreement with various creditors of the Company by issuing 9,886,364 Debt Units with respect to outstanding debt (including principal and interest) totaling \$1,680,037 included in promissory notes payable. Each Debt Unit consists of one common share and one share purchase warrant of the Company. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.35 per share for a period of three years. The common shares issued had a fair value of \$3,460,228 and the share purchase warrants had a fair value of \$3,300,789 resulting in a loss on settlement of debts of \$5,080,980.

### **3. Results of Operations**

#### **Results of Operations – For the nine months ended September 30, 2023**

For the nine months ended September 30, 2023, the Company incurred an operational loss of \$6,140,115 (2022 - \$785,024).

Administrative expenses increased to \$636,156 compared to \$467,003 in the comparative period mainly related to a foreign exchange gain of \$25,478 (2022 – loss of \$136,101) as a result of the translation of US dollar transactions, an increase in consulting and management fees to \$442,320 compared to \$126,990 and increase in travel to \$15,216 compared to \$2,050.

Exploration expenses decreased by \$544 to \$200,016 on the properties compared to the prior period mainly consisting of contractor work of \$121,113 (2022 - \$118,566), general administration of \$19,178 (2022 - \$17,669), land maintenance of \$59,079 (2022 - \$56,356) and permitting environment of \$646 (2022 - \$1,727) on the Pine Grove property.

During the nine months ended September 30, 2023, the Company returned the Shawinigan property to the owner and exited the option agreement resulting in the Company recognizing a write-down of \$144,494.

#### **Results of Operations – For the three months ended September 30, 2023**

For the three months ended September 30, 2023, the Company incurred an operational loss of \$443,321 (2022 - \$366,565).

Administrative expenses decreased to \$176,664 compared to \$217,182 in the comparative period mainly related to a decrease in foreign exchange loss to 586 (2022 - \$107,051) as a result of the translation of US dollar transactions and professional fees to \$13,555 (2022 - \$27,018). This decrease is partially offset by an increase in consulting and management fees to \$111,210 (2022 - \$43,530) and investor relations and shareholder services to \$13,486 (2022 - \$4,491).

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**Result of Operations ... (continued)**

Exploration expenses decreased by \$3,146 to \$105,970 on the properties compared to the prior period mainly consisting of contractor work of \$40,251 (2022 - \$41,245), general administration of \$6,479 (2022 - \$6,017), land maintenance of \$59,079 (2022 - \$56,356) and permitting environment of \$161 (2022 - \$168) on the Pine Grove property.

During the three months ended September 30, 2023, the Company returned the Shawinigan property to the owner and exited the option agreement resulting in the Company recognizing a write-down of \$144,494.

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<br>(recoveries)           | Pine Grove       | Oro Cruz         | Bell<br>Mountain | La Bufa            | Other<br>properties<br>(refunds) | Total              |
|--|------------------|------------------|------------------|--------------------|----------------------------------|--------------------|
|  | \$               | \$               | \$               | \$                 | \$                               | \$                 |
| <b>2023</b> , (IFRS reporting)                 | 200,016          | -                | -                | -                  | -                                | 200,016            |
| <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>7,783,865</b> | <b>1,796,190</b> | <b>1,478,243</b> | <b>4,038,203</b>   | <b>107,756</b>                   | <b>15,204,257</b>  |
| <b>Less recoveries</b>                         | <b>(34,438)</b>  | <b>(654,453)</b> | <b>-</b>         | <b>(1,051,735)</b> | <b>-</b>                         | <b>(1,740,626)</b> |
| <b>Total exploration<br/>expenses incurred</b> | <b>7,749,427</b> | <b>1,141,737</b> | <b>1,478,243</b> | <b>2,986,468</b>   | <b>107,756</b>                   | <b>13,463,631</b>  |

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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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**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 (6,976.25 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 undertaken.

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.

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. See the FS for additional details.

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. See the FS for additional details.

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In November 2023, the Company entered into a purchase agreement with Eros Resources Corp. (“Eros”) and Bell Mountain Exploration Corp. (“Bell Mountain” and together with Eros, the “Seller”), a wholly-owned subsidiary of Eros, to acquire all of the assets that comprise the Bell Mountain project (the “Project”) located in Churchill County, Nevada (the “Transaction”). Under the purchase agreement, the Company has agreed to issue to either Bell Mountain or Eros, as directed by Eros, 3,000,000 common shares of the Company on the closing date of the Transaction (“Shares”) and 1,500,000 common shares of the Company within five business days on the date on which the Company completes any issuance of Shares. The Company will also grant to Bell Mountain a net profits interest of 7.5% of the net returns from gold and silver produced or extracted from the Project up to a maximum of US\$2,000,000. The closing of the Transaction remains subject to the satisfaction of customary closing conditions for a transaction of such nature, including acceptance by the TSX Venture Exchange.

### **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.

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.

### **Projects ... (continued)**

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.

During the nine months ended September 30, 2023, the Company returned the property to the owner and exited the option agreement.

### **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>September 30,<br/>2023</b>                   | <b>December 31,<br/>2022</b>                    |
|---------------------------------------|---|---|
|                                       | <b>\$</b>                                       | <b>\$</b>                                       |
| Working capital deficiency            | (2,501,868)                                     | (3,428,734)                                     |
| Long-term debt                        | 214,483   | 88,036  |
|                                       | <b>\$</b>                                       | <b>\$</b>                                       |
|                                       | <b>Nine months ended<br/>September 30, 2023</b> | <b>Nine months ended<br/>September 30, 2022</b> |
|                                       | <b>\$</b>                                       | <b>\$</b>                                       |
| Cash used in operating activities     | (367,441)                                       | (207,705)                                       |
| Cash used in investing activities     | (16,087)  | 6,407   |
| Cash provided by financing activities | 366,121   | 186,558   |
| Change in cash                        | (17,407)  | 27,554  |

During nine months ended September 30, 2023, the Company received a total of \$440,820 from various arm's length individuals and made a repayment of \$27,700. 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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**6. Commitment**

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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. On September 21, 2023, the Company further extended the lease for another two years.

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**7. Off-Balance Sheet Arrangements**

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None.

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**8. Outstanding Share Data**

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The Company's issued and outstanding common shares are 13,752,688 as at the date of this report.

The Company has 205,000 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 360,000 share purchase warrants with an exercise price of \$2.50 expiring on July 20, 2024 and 9,886,364 share purchase warrants with an exercise price of \$0.35 expiring June 27, 2026.

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**9. Related Party Transactions**

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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, 2023 and 2022 were as follows:

|                           | <b>Nine months ended<br/>September 30, 2023</b> | <b>Nine months ended<br/>September 30, 2022</b> |
|---------------------------|---|---|
|                           | <b>\$</b>                                       | <b>\$</b>                                       |
| Management fees (accrued) | 81,000  | 81,000  |
| Exploration expenses      | 121,113   | 115,452   |
| Accounting fees           | 31,500  | 31,500  |
| <b>Total</b>              | <b>233,613</b>                                  | <b>227,952</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 nine months ended September 30, 2023, the Company paid/accrued management fees of \$81,000 (2022 - \$81,000) to a company controlled by Mr. Paul Saxton, the Chief Executive Officer, President and a director of the Company.

During the nine months ended September 30, 2023, the Company paid/accrued accounting fees of \$31,500 (2022 - \$31,500) to a company controlled by Mr. Dong Shim, the Chief Financial Officer of the Company.

During the nine months ended September 30, 2023, the Company paid/accrued consulting fees of \$121,113 (2022 - \$115,452) 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<br/>September 30,<br/>2023</b> | <b>As at<br/>December 31,<br/>2022</b> |
|--|---|--|
|  | <b>\$</b>                               | <b>\$</b>                              |
| Executive officers and their controlled companies          | 878,845                                 | 1,550,855                              |
| Directors  | 9,000                                   | 9,000                                  |
| <b>Long-term portion of balance due to related parties</b> | <b>887,845</b>                          | <b>1,559,855</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<br>\$6,760 (US\$5,000) payable to VP of Operations<br>\$20,280 (US\$15,000) payable to VP of Exploration  |
| Second anniversary of debt settlement agreement | \$35,000 payable to the President<br>\$5,000 payable to the former CFO<br>\$28,392 (US\$21,000) payable to VP of Operations<br>\$56,784 (US\$42,000) payable to VP of Exploration |
| Third anniversary of debt settlement agreement  | \$362,000 payable to the President<br>\$123,032 (US\$91,000) to VP of Operations<br>\$297,440 (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 nine months ended September 30, 2023, the Company recognized interest expense of \$11,934 (2022 - \$55,414).

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

|  | <b>As at<br/>September 30,<br/>2023</b> | <b>As at<br/>December 31,<br/>2022</b> |
|--|---|--|
|  | <b>\$</b>                               | <b>\$</b>                              |
| <b>Balance due (to) from related parties</b> |   |  |
| Companies with a director in common          | 710                                     | 590                                    |

***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 September 30, 2023, the total loan payable balance to the President of the Company was \$94,721 (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.

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

As of September 30, 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 nine months ended September 30, 2023, the Company received \$11,140 (2022 - \$10,040) 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.

***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.

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

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 and development 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.

**12. Financial Instruments**

***Categories of financial instruments***

|  | September 30, 2023 | December 31,<br>2022 |
|--|--------------------|----------------------|
|  | \$                 | \$                   |
| <b>Financial assets *</b>                |                    |                      |
| <i>Amortized at cost</i>                 |                    |                      |
| Cash                                     | 872                | 18,279               |
| Other receivables                        | 237                | 12,229               |
|  | 1,109              | 30,508               |
| <b>Financial liabilities</b>             |                    |                      |
| <i>Amortized at cost</i>                 |                    |                      |
| Accounts payable and accrued liabilities | 704,546            | 755,228              |
| Due to related parties                   | 887,845            | 1,559,855            |
| Lease liability                          | -                  | 45,099               |
| Loans payable                            | 94,721             | 101,958              |
| Promissory notes                         | 949,148            | 998,479              |
|  | 2,636,260          | 3,460,619            |

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

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**Financial Instruments ... (continued)**

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.

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**13. Risks and Uncertainties**

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***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 \$138,000. 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 metal and base metal prices to determine the appropriate course of action to be taken by the Company.

***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 completed a positive PEA on its Pine Grove Property, which currently has NI 43-101 compliant resources of indicated 5,888,107 Tons, grading 0.04 opt, containing 210,962 ounces of gold. Many of the required permits are near completion which the Company plans to address later in the year and early 2024.

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

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.

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**14. Trends**

Trends in the industry can materially affect how well any junior exploration company is performing. There are two trends that seem to affect the well-being of junior miners. 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 fallen and risen in the last month or two and is fluctuating between US \$1800 and \$2000 per ounce.

The other aspect is the general stock market conditions. Unfortunately, the junior mining sector, especially for gold explorers and miners, 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.

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**15. Outlook**

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 US \$1800 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.

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**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.