LINCOLN GOLD MINING INC.

CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Lincoln Gold Mining Inc.

Opinion

We have audited the accompanying consolidated financial statements of Lincoln Gold Mining Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' deficiency for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the consolidated financial statements, which indicates that the Company has a working capital deficiency of $1,076,400 and total liabilities of $2,248,072 at December 31, 2020. As stated in Note 2, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is David Harris.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 29, 2021

LINCOLN GOLD MINING INC.
Consolidated Statements of Financial Position

As at December 31, 2020 and 2019

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

	Notes	December 31, 2020	December 31, 2019
		$	$
Assets			
Current assets			
Cash		113,895	56,244
Receivables	11	34,529	28,915
Prepaid expenses		17,353	29,476
		165,777	114,635
Non-current assets			
Equipment		3,697	-
Right-of-use asset	4	37,759	88,103
Deposits		14,032	14,068
Mineral properties	5	455,005	156,000
		510,493	258,171
Total assets		**676,270**	**372,806**
Liabilities and shareholders' deficiency			
Current liabilities			
Accounts payable and accrued liabilities	6	329,954	1,234,038
Due to related parties	11	263,467	514,195
Lease liability	8	43,237	59,056
Loans payable	9	13,856	59,795
Promissory notes	10	591,663	1,064,987
		1,242,177	2,932,071
Non-current liabilities			
Accounts payable and accrued liabilities	6	171,276	-
Due to related parties	11	718,741	-
Lease liability	8	-	36,049
Loans payable	9	33,120	-
Provision for environmental rehabilitation	7	82,758	84,422
		1,005,895	120,471
Total liabilities		**2,248,072**	**3,052,542**
Shareholders' deficiency			
Share capital	12	25,536,362	24,163,791
Capital reserves	12	3,386,465	2,908,994
Deficit		(30,494,629)	(29,752,521)
Total shareholders' deficiency		**(1,571,802)**	**(2,679,736)**
Total liabilities and shareholders' deficiency		**676,270**	**372,806**

Nature of operations (Note 1)
Subsequent events (Note 17)

Approved and authorized by the Board on April 29, 2021.

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

Paul Saxton — Andrew Milligan

LINCOLN GOLD MINING INC.
Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31, 2020 and 2019

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

	Notes	2020	2019
Exploration expenses	5, 11	**$ 328,825**	**$ 366,421**
Administrative expenses			
Consulting and management fees	11	193,542	133,320
Depreciation		50,825	53,053
Foreign exchange gain		(14,737)	(70,667)
Investor relations and shareholder services		64,054	80,317
Office maintenance		126,028	72,449
Professional fees	11	97,940	164,209
Share-based compensation	11, 12	522,267	-
Travel		5,307	24,713
		1,045,226	**457,394**
Other expenses (income)			
Interest income		(80)	(80)
Interest expense	6, 9, 11	147,602	57,702
Gain on settlement of debts	6, 9, 10,11, 12	(778,965)	-
Receivables allowance		-	96,598
Recoveries		-	(252,154)
Write-off of accounts payable		(500)	(18,570)
		(631,943)	**(116,504)**
Loss and comprehensive loss for the year		**$ (742,108)**	**$ (707,311)**
Basic and diluted loss per common share		$ (0.03)	$ (0.08)
Weighted average number of common shares outstanding		**22,090,829**	**9,007,962**

For the years ended December 31, 2020 and 2019

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

	2020	2019
	$	$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the year	**(742,108)**	**(707,311)**
Items not affecting cash:		
Accrued interest expense	135,237	57,702
Depreciation	50,825	53,054
Exploration fund liability	-	(252,154)
Gain on settlement of debts	(778,965)	-
Receivables allowance	-	96,598
Share-based compensation	522,267	-
Unrealized foreign exchange	(22,273)	(21,772)
Write-off of accounts payable	(500)	(18,570)
Changes in non-cash working capital items:		
Decrease in accounts payable and accrued liabilities	(695,174)	(246,401)
Increase in due to related parties	789,017	-
Decrease (increase) in prepaid expenses and deposits	12,159	(824)
Increase in receivables	(5,614)	(43,888)
Net cash used in operating activities	**(735,129)**	**(1,083,566)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of mineral properties	(99,005)	(63,089)
Purchase of equipment	(4,178)	-
Recoveries of mineral properties	-	132,260
Exploration funding	-	219,144
Net cash (used in) provided by investing activities	**(103,183)**	**288,315**
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued for cash	699,200	640,000
Warrants exercised	273,200	-
Share issue costs	(9,625)	-
Share subscriptions received in advance	-	-
Promissory notes issued for cash	-	213,595
Loans paid	(7,756)	(17,005)
Payment for lease liability	(59,056)	(55,197)
Net cash provided by financing activities	**895,963**	**781,393**
Net change in cash for the year	57,651	(13,858)
Cash, beginning of the year	56,244	70,102
Cash, end of the year	**113,895**	**56,244**

Supplemental cash flow information (Note 14)

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

	Number of shares	Share capital	Capital reserves	Deficit	Total
		$	$	$	$
Balance at December 31, 2018	**7,519,719**	**23,399,098**	**2,877,687**	**(29,045,210)**	**(2,768,425)**
Special warrants exercised	544,877	32,693	(32,693)	-	-
Private placement	6,400,000	576,000	64,000	-	640,000
Shares issued for mineral interests	1,200,000	156,000	-	-	156,000
Loss for the year	-	-	-	(707,311)	(707,311)
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	-	(46,736)	37,111	-	(9,625)
Shares issued for warrants exercised	2,180,000	324,800	(51,600)	-	273,200
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	63,307	(63,307)	-	-
Share-based compensation	-	-	522,267	-	522,267
Loss for the year	-	-	-	(742,108)	(742,108)
Balance at December 31, 2020	**29,456,082**	**25,536,362**	**3,386,465**	**(30,494,629)**	**(1,571,802)**

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 consolidated financial statements of the Company for the year ended December 31, 2020 comprise the Company and its subsidiaries (Note 2(b)). These 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 consolidated financial statements for the year ended December 31, 2020 have been prepared in accordance with 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 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 April 29, 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 $1,076,400 (2019 - $2,817,436) and total liabilities of $2,248,072 (2019 - $3,052,542). 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.

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

(a) 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

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The activities undertaken by exploration and evaluation segment are supported by corporate activities. The operating results of the segments are reviewed regularly by the Company's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance and by the Board of Directors that makes strategic decisions.

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in the Canadian dollar, which is the Company's, and its subsidiaries' functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss.

(d) Mineral properties

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

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

(d) Mineral properties (Cont'd)

Exploration and evaluation expenditures

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

(e) Equipment

Equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price and any costs directly attributable to bringing the asset into operation.

Depreciation is provided on a straight line basis over the estimated useful lives as follows:

- office and computer equipment: 2-5 years
- right-of-use-asset: Lease term

Depreciation expense is allocated based on estimated asset lives. Should the asset life or depreciation rates differ from the initial estimate, an adjustment would be made in the consolidated statements of loss and comprehensive loss.

(f) Impairment of long-lived assets

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(g) Financial instruments

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

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

(g) Financial instruments (Cont'd)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transactions costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instrument depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

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

(g) Financial instruments (Cont'd)

Changes in the fair value of financial assets at FVTPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using effective interest method.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

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

Compound financial instruments

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

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

(h) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. Proceeds from unit placements are allocated between shares and warrants using the residual value method whereby the shares are recorded at fair value and any residual is allocated to the warrant. The value of the warrants issued to brokers is determined using the Black-Scholes model.

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

(i) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For the years ended December 31, 2020 and 2019, there were no "in-the-money" dilutive instruments that impacted the calculation of dilutive earnings per share.

(j) Share-based compensation

The Company operates a share-based compensation plan, under which the Company receives services from directors, officers, employees and consultants as consideration for equity instruments (options) of the Company.

The fair value of stock options granted to directors, officers and employees is measured on the grant date, using the Black-Scholes option pricing model. Equity-settled awards are not re-measured subsequent to the initial grant date. The Company uses accelerated method (also referred to as 'graded' vesting) for attributing stock option expense over the vesting period. Stock option expense incorporates an expected forfeiture rate. The expected forfeiture rate is estimated based on historical forfeiture rates and expectations of future forfeiture rates. The adjustment is made if the actual forfeiture rate differs from the expected rate, when the equity instrument vests.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital. The fair value of exercised options is reclassified from capital reserve – options to share capital.

(k) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill and deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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

(l) Provision

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(m) Related party transactions

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

(n) Right-of-use assets and lease liability

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

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

(n) Right-of-use assets and lease liability (Cont'd)

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

(o) Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

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.

(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, 2019	138,448
Depreciation	(50,345)
Balance at December 31, 2019	88,103
Depreciation	(50,344)
Balance at December 31, 2020	**37,759**

5 Mineral properties

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

	United States		
	Pine Grove	**Oro Cruz**	**Total**
	$	**$**	**$**
Balance at December 31, 2018	-	69,171	69,171
Additions	156,000	63,089	219,089
Recoveries	-	(132,260)	(132,260)
Balance at December 31, 2019	156,000	-	156,000
Additions	299,005	-	299,005
Balance at December 31, 2020	**455,005**	**-**	**455,005**

Exploration expenditures (recoveries) incurred during the year ended December 31, 2020:

	United States		
	Pine Grove	**Oro Cruz**	**Total**
	$	**$**	**$**
Contractors	170,132	53,209	**223,341**
General administration	28,667	57	**28,724**
Land maintenance	60,215	8,810	**69,025**
Legal	1,736	-	**1,736**
Permitting environment	158,882	61,797	**220,679**
Property evaluation	(35,147)	-	**(35,147)**
Option payment received	-	(33,538)	**(33,538)**
Recovery from a joint venture partner	-	(145,995)	**(145,995)**
Total mineral property expenditures	**384,485**	**(55,660)**	**328,825**

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

5 Mineral properties (Cont'd)

Exploration expenditures (recoveries) incurred during the year ended December 31, 2019:

	United States		Other	
	Pine Grove	**Oro Cruz**	**Properties**	**Total**
	$	**$**	**$**	**$**
Contractors	134,099	142,316	-	**276,415**
General administration	86,982	1,721	-	**88,703**
Geochemistry	-	945	-	**945**
Land maintenance	4,993	119,557	1,429	**125,979**
Permitting environment	3,783	-	-	**3,783**
Property evaluation	(9,952)	3,589	-	**(6,363)**
Travel and accommodation	217	7,142	-	**7,359**
Recovery from a joint venture partner	(33,438)	(96,962)	-	**(130,400)**
Total mineral property expenditures	**186,684**	**178,308**	**1,429**	**366,421**

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 7-12 paid by Goldcliff Resource Corporation ("Goldcliff") a company with a common director).

(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.

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 form 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.

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$25,000 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 500,000 shares with a fair value of $120,000) (Note 17).

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.

(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
- 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")

5 Mineral properties (Cont'd)

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

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;
- Cash of US$25,000 to be paid to the Company on or before February 15, 2023.

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;
- 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;
- Exploration of US$1,000,000 cumulative to be incurred before October 1, 2022.

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

5 Mineral properties (Cont'd)

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

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.

6 Accounts payable and accrued liabilities

	December 31, 2020	**December 31, 2019**
	$	$
Accounts payable	463,863	1,214,038
Accrued liabilities	37,367	20,000
Closing balance	501,230	1,234,038
Current portion of accounts payable and accrued liabilities	(329,954)	(1,234,038)
Long-term portion of accounts payable and accrued liabilities	**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)

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.

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

7 Provisions

The Company's recognized a constructive provision for environmental rehabilitation relating to a Pine Grove Property road, 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:

	December 31, 2020	**December 31, 2019**
	$	$
Beginning balance	84,422	88,673
Changes in exchange rates	(1,664)	(4,251)
Closing balance	**82,758**	**84,422**

During the years ended December 31, 2020 and 2019, the finance costs in relation to the accretion of the provision are negligible.

8 Lease liability

	Total
	$
Balance at January 1, 2019	138,448
Interest expense	11,854
Lease payments	(55,197)
Balance at December 31, 2019	95,105
Interest expense	7,188
Lease payments	(59,056)
Balance at December 31, 2020	43,237
Current portion of lease liability	(43,237)
Long-term portion of lease liability	**-**

The Company's future lease commitment as at December 31, 2020 is as follows:

	$
2021	45,058
	45,058

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

9 Loans payable

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

	Year ended December 31, 2020	Year ended December 31, 2019
	$	$
Opening balance	59,795	74,336
Discount on debt settlement	(9,554)	-
Loans repaid during the year	(7,756)	(17,005)
Interest accrued during the year	4,491	2,464
Closing balance	46,976	59,795
Current portion of loans payable	(13,856)	(59,795)
Long-term portion of loans payable	**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.

10 Promissory notes

	Year ended December 31, 2020	Year ended December 31, 2019
	$	$
Opening balance	1,064,987	825,529
Promissory notes provided during the year	-	213,595
Interest accrued during the year	50,285	46,013
Settlement of promissory notes	(503,000)	-
Foreign exchange	(20,609)	(20,150)
Closing balance	**591,663**	**1,064,987**

The Company has received advances of $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 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.

During the year ended December 31, 2015, the Company received $50,000 from an insider of the Company. The loan was unsecured and evidence 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).

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

10 Promissory notes (Cont'd)

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, and May 30, 2019, 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) and $53,344 (US$40,000) from Dragon Hill Creation Limited, respectively, a company controlled by a director of the Company. The loans are unsecured and evidence by promissory notes bearing interest at 10% per annum, calculated and payable on the termination date of the promissory notes being June 30, 2019. 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 offices and directors – executive and non-executive. The compensation paid or payable to key management personnel for the services rendered during the years ended December 31, 2020 and 2019 were as follows:

	Year ended December 31, 2020	**Year ended December 31, 2019**
	$	**$**
Management fees	108,000	108,000
Corporate fees	15,000	-
Exploration expenses	144,651	155,202
Accounting fees	39,500	60,000
Share-based compensation	345,073	-
Total	**652,224**	**323,202**

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.

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

11 Related party transactions (Cont'd)

Balance due to related parties

	As at December 31, 2020	As at December 31, 2019
	$	$
Executive officers and their controlled companies	973,208	499,195
Directors	9,000	15,000
Total	982,208	514,195
Current portion of balance due to related parties	(263,467)	(514,195)
Long-term portion of balance due to related parties	**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 $6,366 (US$5,000) payable to VP of Operations $19,098 (US$15,000) payable to VP of Exploration
Second anniversary of debt settlement agreement	$35,000 payable to the President $5,000 payable to the former CFO $26,737 (US$21,000) payable to VP of Operations $53,474 (US$42,000) payable to VP of Exploration
Third anniversary of debt settlement agreement	$362,000 payable to the President $115,861 (US$91,000) to VP of Operations $280,104 (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.

Balance due from related parties

	As at December 31, 2020	As at December 31, 2019
	$	$
Companies with a director in common	590	2,625
Directors	-	1,799
Total	**590**	**4,424**

The balances due from related parties are included in receivables.

Loans from related parties

See Notes 9, 10 and 12 for further details.

Other transactions with related parties

During the year ended December 31, 2020, the Company received $15,816 (2019 - $36,458) 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.

11 Related party transactions (Cont'd)

During the year ended December 31, 2019, the Company provided an allowance of $96,598 against the same amount owing from a Company with a director in common.

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 December 31, 2020 and 2019, 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 December 31, 2020 there were 29,456,082 (2019 – 15,664,596) fully paid common shares issued.

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 % 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).

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.

On November 18, 2019, the Company issued 1,200,000 shares at a value of $156,000 to Goldcliff, pursuant to the Pine Grove Property, Nevada mineral interest (Note 5).

On October 30, 2019, the Company closed a non-brokered private placement. The Company issued a total of 6,400,000 units at a price of $0.10 per unit for total gross proceeds of $640,000. 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 $0.14 per share until October 30, 2021. An amount of $64,000 was allocated to reserves in connection with the residual value of warrants issued.

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

12 Share capital and reserves (Cont'd)

On July 10, 2019, the Company issued 544,877 fully paid common shares pursuant to the exercise of 544,877 special warrants. On exercise, $32,693 was allocated from capital reserves to share capital.

b) Capital reserves

	Capital reserve – options	Capital reserve – warrants	Capital reserve – convertible debenture	Total
	$	$	$	$
Balance as at December 31, 2018	1,227,184	1,435,117	215,386	2,877,687
Private placement	-	64,000	-	64,000
Exercise of special warrants	-	(32,693)	-	(32,693)
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**

c) Stock options

As at December 31, 2020, 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		

Stock option transactions for the years ended December 31, 2020 and 2019 are summarized as follows:

	Year ended December 31, 2020		Year ended December 31, 2019	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
		$		$
Balance, beginning of year	-	-	180,900	1.50
Granted	2,500,000	0.30	-	-
Expired/Cancelled	(50,000)	0.30	(180,900)	1.50
Balance, end of year	2,450,000	0.30	-	-
Options exercisable, end of year*	2,375,000	0.30	-	-

- *100,000 options are subject to a vesting period.*

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.

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

12 Share capital and reserves (Cont'd)

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the years ended December 31, 2020 and 2019:

	Year ended December 31, 2020	Year ended December 31, 2019
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 December 31, 2020, 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
8,113,817		

Warrants transactions for the years ended December 31, 2020 and 2019 are summarized as follows:

	Year ended December 31, 2020		Year ended December 31, 2019	
	Number of Warrants	Weighted average exercise price	Number of Warrants	Weighted average exercise price
		$		$
Balance, beginning of year	6,528,590	0.48	3,660,290	0.82
Issued	3,765,227	0.14	3,200,000	0.14
Exercised	(2,180,000)	0.13	-	-
Expired	-	-	(331,700)	1.00
Balance, end of year	8,113,817	0.41	6,528,590	0.48

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 December 31, 2020.

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

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.

Categories of financial instruments

	December 31, 2020	December 31, 2019
	$	$
Financial assets *		
Amortized at cost		
Cash	113,895	56,244
Other receivables	31,154	4,456
	145,049	60,700
Financial liabilities		
Amortized at cost		
Accounts payable and accrued liabilities	501,230	1,234,038
Due to related parties	982,208	514,195
Lease liability	43,237	95,105
Loans payable	46,976	59,795
Promissory notes	591,663	1,064,987
	2,165,314	2,968,120

* 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 $107,000. 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.

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

13 Financial instruments (Cont'd)

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.

14 Supplemental cash flow information

	Year ended December 31, 2020	Year ended December 31, 2019
	$	$
Cash paid for interest	-	-
Cash paid for income taxes	-	-

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.

On November 18, 2019, the Company issued 1,200,000 shares at a value of $156,000 to Goldcliff, pursuant to the Pine Grove Property, Nevada mineral interest (Note 12).

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

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, 2019	
United States of America	157,818
Canada	100,353
	258,171
December 31, 2020	
United States of America	456,787
Canada	53,706
	510,493

16 Income taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
	$	$
Loss for the year	(742,108)	(707,311)
Expected income tax recovery	(200,000)	(191,000)
Change in statutory, foreign tax, foreign exchange rates and other	75,000	99,000
Permanent differences	150,000	3,000
Share issue costs	(3,000)	-
Adjustment to prior years provision versus statutory returns	(1,000)	(401,000)
Change in unrecognized deductible temporary differences	(21,000)	490,000
	-	-

The significant components of the Company's unrecognized temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	December 31, 2020	December 31, 2019	Expiry Date Range
	$	$	
Temporary differences:			
Mineral properties	3,236,000	3,641,000	No expiry date
Share issue costs	20,000	25,000	2041 to 2044
Other	93,000	99,000	No expiry date
Non-capital losses available for future periods	15,811,000	15,444,000	2026 to indefinite

Tax attributes are subject to review, and potential adjustment by tax authorities.

17 Subsequent events

On March 9, 2021, the Company issued 250,000 shares to Goldcliff pursuant to the Pine Grove Property, Nevada mineral interest (Note 5).

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, Montreal. 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
- $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

Issue common shares as follows:

- 300,000 common shares within 30 days of approval from TSX Venture Exchange
- 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 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.