

LINCOLN GOLD CORP
Form 10QSB
August 20, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

Quarterly Report Under Section 13 or 15(D) of the Securities Exchange Act of 1934
for the quarterly period ended **June 30, 2007**

Transition Report Under Section 13 or 15(D) of the Securities Exchange Act of 1934
for the transition period from _____ to _____

Commission File Number: **000-25827**

LINCOLN GOLD CORPORATION

(Name of small business issuer in its charter)

NEVADA

(State or other jurisdiction of incorporation or
organization)

88-0419475

(I.R.S. Employer Identification
No.)

Suite 350, 885 Dunsmuir Street, Vancouver, BC

(Address of principal executive offices)

V6C 1N5

(Zip Code)

604-688-7377

Issuer's telephone number

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes [X] No []**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **Yes [] No [X]**

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date. **47,141,666 shares of common stock as of August 15, 2007.**

Transitional Small Business Disclosure Format (check one): **Yes [] No [X]**

LINCOLN GOLD CORPORATION**Quarterly Report On Form 10-QSB
For The Quarterly Period Ended
June 30, 2007****INDEX**

| | | |
|----------------|--|-----------|
| PART I | FINANCIAL STATEMENTS | 3 |
| Item 1. | <u>Financial Statements</u> | 3 |
| Item 2. | <u>Management's Discussion And Analysis Or Plan Of Operation.</u> | 4 |
| Item 3. | <u>Controls and Procedures</u> | 12 |
| Item | <u>Controls and Procedures</u> | 13 |
| 3A(T). | | |
| PART II | OTHER INFORMATION | 13 |
| Item 1. | <u>Legal Proceedings.</u> | 13 |
| Item 2. | <u>Unregistered Sales of Equity Securities and Use of Proceeds</u> | 13 |
| Item 3. | <u>Defaults Upon Senior Securities</u> | 13 |
| Item 4. | <u>Submission of Matters to a Vote of Security Holders</u> | 13 |
| Item 5. | <u>Other Information</u> | 13 |
| Item 6. | <u>Exhibits</u> | 14 |

FORWARD-LOOKING STATEMENTS

The information in this Quarterly Report on Form 10-QSB contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements involve risks and uncertainties, including statements regarding our capital needs, business plans and expectations. Such forward-looking statements involve risks and uncertainties regarding the market price of gold, availability of funds, government regulations, common share prices, operating costs, capital costs, outcomes of ore reserve development and other factors. Forward-looking statements are made, without limitation, in relation to operating plans, property exploration and development, availability of funds, environmental reclamation, operating costs and permit acquisition. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as may, will, should, expect, plan, intend, anticipate, estimate, predict, potential or continue, the negative of such terms or other comparable terminology. Actual event results may differ materially. In evaluating these statements, you should consider various factors, including the risks outlined below, and, from time to time, in other reports we file with the SEC. These factors may cause our actual results to differ materially from any forward-looking statement. We disclaim any obligation to publicly update these statements, or disclose any difference between our actual results and those reflected in these statements. The information constitutes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

PART I FINANCIAL STATEMENTS

Item 1. Financial Statements

The following unaudited consolidated interim financial statements of Lincoln Gold Corporation are included in this Quarterly Report on Form 10-QSB:

PART I

ITEM 1. FINANCIAL STATEMENTS

Our unaudited consolidated financial statements for the six months ended June 30, 2007, as set forth below, are included with this Quarterly Report on Form 10-QSB:

| | PAGE |
|---|------------|
| <u>Consolidated Balance Sheets</u> | <u>F-1</u> |
| <u>Consolidated Statements of Operations</u> | <u>F-2</u> |
| <u>Consolidated Statements of Cash Flows</u> | <u>F-3</u> |
| <u>Notes to the Consolidated Financial Statements</u> | <u>F-4</u> |

Lincoln Gold Corporation
 (An Exploration Stage Company)
 Consolidated Balance Sheets
 (Expressed in U.S. dollars)

| | June 30, 2007 \$ (unaudited) | December 31, 2006 \$ |
|--|---------------------------------------|----------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash | 201,997 | 21,961 |
| Prepaid expenses and deposits | - | 4,893 |
| Total Current Assets | 201,997 | 26,854 |
| Property and Equipment (Note 3) | 3,276 | 4,440 |
| Total Assets | 205,273 | 31,294 |
| LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT) | | |
| Current Liabilities | | |
| Accounts payable | 51,283 | 35,467 |
| Accrued liabilities | 18,548 | 14,990 |
| Due to related parties (Note 5(b)) | 6,641 | 6,760 |
| Note payable (Note 6) | 100,000 | 100,000 |
| Total Liabilities | 176,472 | 157,217 |
| Commitments and Contingencies (Notes 1 and 4) | | |
| Stockholders Equity (Deficit) | | |
| Common Stock, 100,000,000 shares authorized, \$0.001 par value; | | |
| 47,141,666 and 42,990,000 shares issued and outstanding, respectively | 47,142 | 42,990 |
| Additional Paid-in Capital | 3,695,969 | 3,294,863 |
| Common Stock Subscribed (Note 7(a)) | - | 73,333 |
| Deficit Accumulated During the Exploration Stage | (3,715,760) | (3,537,109) |
| Accumulated Other Comprehensive Income | 1,450 | - |
| Total Stockholders Equity (Deficit) | 28,801 | (125,923) |
| Total Liabilities and Stockholders Equity (Deficit) | 205,273 | 31,294 |

F-1

(The accompanying notes are an integral part of these consolidated financial statements)

Lincoln Gold Corporation
(An Exploration Stage Company)
Consolidated Statements of Operations
(Expressed in U.S. dollars)
(unaudited)

| | Accumulated From September 25, 2003 (Date of Inception) to June 30, 2007 \$ | For the Three Months Ended June 30, 2007 \$ | For the Three Months Ended June 30, 2006 \$ | For the Six Months Ended June 30, 2007 \$ | For the Six Months Ended June 30, 2006 \$ |
|---|---|--|--|--|--|
| Revenue | - | - | - | - | - |
| Expenses | | | | | |
| Depreciation | 6,030 | 554 | 722 | 1,164 | 1,444 |
| Foreign exchange loss | 6,818 | 813 | 1,233 | 985 | 2,009 |
| General and administrative (Note 5(a)) | 2,531,091 | 59,257 | 60,554 | 93,689 | 119,632 |
| Impairment of mineral properties | 93,350 | 27,600 | - | 31,350 | 10,000 |
| Mineral exploration | 946,308 | 38,616 | 3,743 | 46,804 | 16,475 |
| Total Expenses | 3,586,597 | 126,840 | 66,252 | 173,992 | 149,560 |
| Loss From Operations | (3,586,597) | (126,840) | (66,252) | (173,992) | (149,560) |
| Other Income (Expense) | | | | | |
| Accounts payable written off | 33,564 | - | - | - | - |
| Interest income | 12,104 | 999 | 267 | 1,099 | 923 |
| Interest expense | (53,479) | (2,915) | (2,649) | (5,758) | (5,214) |
| Total Other Income (Expense) | (7,811) | (1,916) | (2,382) | (4,659) | (4,291) |
| Net Loss | (3,594,408) | (128,756) | (68,634) | (178,651) | (153,851) |
| Other Comprehensive Income | | | | | |
| Foreign currency translation gain | 1,450 | 1,450 | - | 1,450 | - |
| Comprehensive Loss | (3,592,958) | (127,306) | (68,634) | (177,201) | (153,851) |
| Net Loss Per Share - Basic and Diluted | | - | - | - | - |
| Weighted Average Shares Outstanding | | 44,794,000 | 41,915,000 | 44,150,000 | 41,892,000 |

F-2

(The accompanying notes are an integral part of these consolidated financial statements)

Lincoln Gold Corporation
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
(Expressed in U.S. dollars)
(unaudited)

| | For the Six Months Ended June 30, 2007 \$ | For the Six Months Ended June 30, 2006 \$ |
|--|---|---|
| Operating Activities | | |
| Net loss | (178,651) | (153,851) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation | 1,164 | 1,444 |
| Impairment of mineral properties | 31,350 | 10,000 |
| Changes in operating assets and liabilities: | | |
| Prepaid expenses and deposits | 4,893 | 4,902 |
| Account payable and accrued liabilities | 19,374 | 15,878 |
| Due to related parties | (119) | 4,804 |
| Net Cash Used in Operating Activities | (121,989) | (116,823) |
| Investing Activities | | |
| Mineral property costs | (7,500) | - |
| Net Cash Used in Investing Activities | (7,500) | - |
| Financing Activities | | |
| Proceeds from issuance of common stock | 327,500 | - |
| Share issuance costs | (19,425) | - |
| Net Cash Flows Provided by Financing Activities | 308,075 | - |
| Effect of Foreign Exchange Rates on Cash | 1,450 | - |
| Increase (Decrease) in Cash | 180,036 | (116,823) |
| Cash Beginning of Period | 21,961 | 132,806 |
| Cash End of Period | 201,997 | 15,983 |
| Non-cash Investing and Financing Activities | | |
| Shares issued for mineral property costs | 23,850 | 10,000 |
| Supplemental Disclosures | | |
| Interest paid | - | - |
| Income tax paid | - | - |

F-3

(The accompanying notes are an integral part of these consolidated financial statements)

Lincoln Gold Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
June 30, 2007
(Expressed in U.S. dollars)
(unaudited)

1. Nature of Operations and Continuance of Business

Lincoln Gold Corporation (the Company) was incorporated in the State of Nevada, USA, on February 17, 1999 under the name of Braden Technologies Inc. Effective March 26, 2004, the Company acquired 100% of the issued and outstanding shares of Lincoln Gold Corp., a private company incorporated in the State of Nevada, USA, on September 25, 2003. On April 6, 2004, the Company and its subsidiary, Lincoln Gold Corp., merged to form Lincoln Gold Corporation. On September 12, 2006, the Company incorporated a Mexican subsidiary, Minera Lincoln de Mexico SA de CV.

The Company is an Exploration Stage Company, as defined by Statement of Financial Accounting Standard (SFAS) No. 7 *Accounting and Reporting by Development Stage Enterprises*. The Company's principal business is the acquisition and exploration of mineral resources. The Company has not presently determined whether its properties contain mineral reserves that are economically recoverable.

These interim consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has never generated revenues since inception and has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploitation of economically recoverable reserves in its resource properties, confirmation of the Company's interests in the underlying properties, and the attainment of profitable operations. As at June 30, 2007, the Company has never generated any revenues and has accumulated losses of \$3,715,760 since inception of the exploration stage. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Management plans to continue private placement issuances of the Company's shares in order to raise the funds necessary to pursue its plan of operation and fund working capital.

2. Summary of Significant Accounting Policies

a) Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All significant inter-company balances have been eliminated. These interim consolidated financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States, and are expressed in U.S. dollars. The Company's fiscal year-end is December 31.

b) Interim Financial Statements

Edgar Filing: LINCOLN GOLD CORP - Form 10QSB

The interim unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Securities and Exchange Commission (SEC) Form 10-QSB. They do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Therefore, these financial statements should be read in conjunction with the Company s audited consolidated financial statements and notes thereto for the year ended December 31, 2006, included in the Company s Annual Report on Form 10-KSB filed on April 2, 2007 with the SEC.

The consolidated financial statements included herein are unaudited; however, they contain all normal recurring accruals and adjustments that, in the opinion of management, are necessary to present fairly the Company s consolidated financial position at June 30, 2007 and December 31, 2006, and the consolidated results of its operations and cash flows for the six months ended June 30, 2007 and 2006. The results of operations for the six months ended June 30, 2007 are not necessarily indicative of the results to be expected for future quarters or the full year.

F-4

Lincoln Gold Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
June 30, 2007
(Expressed in U.S. dollars)
(unaudited)

2. Summary of Significant Accounting Policies (continued)

c) Comprehensive Income

SFAS No. 130, *Reporting Comprehensive Income*, establishes standards for the reporting and display of comprehensive loss and its components in the consolidated financial statements. As at June 30, 2007, the Company's only component of comprehensive loss consisted of foreign currency translation adjustments.

d) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company regularly evaluates estimates and assumptions related to the useful life and recoverability of long-lived assets, stock-based compensation and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and actual results, future results of operations will be affected.

e) Basic and Diluted Net Income (Loss) Per Share

The Company computes net income (loss) per share in accordance with SFAS No. 128 *Earnings per Share*. SFAS No. 128 requires presentation of both basic and diluted earnings per share (EPS) on the face of the consolidated statement of operations. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-covered method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS and the weighted average number of common shares exclude all dilutive potential shares since their effect is anti dilutive. Shares underlying these securities totaled 5,287,500 as of June 30, 2007.

f) Cash and Cash Equivalents

The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents.

g) Property and Equipment

Property and equipment consists of office equipment and fixtures, computer software, and computer hardware and is recorded at cost. Depreciation is based on a straight line basis over the following periods: Office equipment and fixtures five years; computer software two years; and computer hardware three years.

h) Long-lived Assets

In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed significantly before the end of its estimated useful life.

Recoverability is assessed based on the carrying amount of the asset and its fair value which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

Lincoln Gold Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
June 30, 2007
(Expressed in U.S. dollars)
(unaudited)

2. Summary of Significant Accounting Policies (continued)

i) Mineral Property Costs

The Company has been in the exploration stage since its formation on September 25, 2003 and has not yet realized any revenues from its planned operations. It is primarily engaged in the acquisition and exploration of mining properties. Mineral property exploration costs are expensed as incurred. Mineral property acquisition costs are initially capitalized when incurred using the guidance in EITF 04-02, *Whether Mineral Rights Are Tangible or Intangible Assets*. The Company assesses the carrying costs for impairment under SFAS No. 144, *Accounting for Impairment or Disposal of Long Lived Assets* at each fiscal quarter end. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs then incurred to develop such property, are capitalized. Such costs will be amortized using the units-of-production method over the estimated life of the probable reserve. If mineral properties are subsequently abandoned or impaired, any capitalized costs will be charged to operations.

j) Financial Instruments

The fair values of cash, accounts payable, accrued liabilities, due to related parties and note payable approximate their carrying values due to the immediate or short-term maturity of these financial instruments.

k) Income Taxes

Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. The Company has adopted SFAS No. 109 *Accounting for Income Taxes* as of its inception. Pursuant to SFAS No. 109 the Company is required to compute tax asset benefits for net operating losses carried forward. The potential benefits of net operating losses have not been recognized in these consolidated financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future years.

l) Foreign Currency Translation

The subsidiary's functional currency is the Mexican Peso. The financial statements of the subsidiary are translated to United States dollars under the current rate method in accordance with SFAS No. 52 *Foreign Currency Translation*. Under the current rate method, all assets and liabilities are translated at the rates of exchange in effect at the balance sheet date and revenues and expenses are translated at the average rates of exchange during the year. The effect of this translation is recorded in a separate component of stockholders' equity. A cumulative translation adjustment of \$1,450 as of June 30, 2007 has been included in accumulated other comprehensive income in the accompanying consolidated balance sheet.

Transactions in foreign currencies are recorded at the approximate rate of exchange at the transaction date. Assets and liabilities resulting from these transactions are translated at the rate of exchange in effect at the

balance sheet date. All differences are recorded in the results of operations.

m) Stock-based Compensation

The Company records stock-based compensation in accordance with SFAS No. 123R *Share Based Payments*, using the fair value method. The Company has not issued any stock options since its inception. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. Equity instruments issued to employees and the cost of the services received as consideration are measured and recognized based on the fair value of the equity instruments issued.

All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. Equity instruments issued to employees and the cost of the services received as consideration are measured and recognized based on the fair value of the equity instruments issued.

Lincoln Gold Corporation
 (An Exploration Stage Company)
 Notes to the Consolidated Financial Statements
 June 30, 2007
 (Expressed in U.S. dollars)
 (unaudited)

2. Summary of Significant Accounting Policies (continued)

n) Recent Accounting Pronouncements

In February 2007, the Financial Accounting Standards Board (FASB) issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115* . This statement permits entities to choose to measure many financial instruments and certain other items at fair value. Most of the provisions of SFAS No. 159 apply only to entities that elect the fair value option. However, the amendment to SFAS No. 115 *Accounting for Certain Investments in Debt and Equity Securities* applies to all entities with available-for-sale and trading securities. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provision of SFAS No. 157, *Fair Value Measurements* . The adoption of this statement is not expected to have a material effect on the Company's financial statements.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* . The objective of SFAS No. 157 is to increase consistency and comparability in fair value measurements and to expand disclosures about fair value measurements. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. The provisions of SFAS No. 157 are effective for fair value measurements made in fiscal years beginning after November 15, 2007. The adoption of this statement is not expected to have a material effect on the Company's future reported financial position or results of operations.

| | Cost | Accumulated Depreciation | June 30, 2007 Net Carrying Value | December 31, 2006 Net Carrying Value |
|-------------------------------|-------|-----------------------------|---|---|
| | \$ | \$ | \$ | \$ |
| Computer hardware | 4,676 | 3,240 | 1,436 | 2,215 |
| Computer software | 1,345 | 1,345 | - | 56 |
| Office equipment and fixtures | 3,285 | 1,445 | 1,840 | 2,169 |
| | 9,306 | 6,030 | 3,276 | 4,440 |

4. Mineral Property Interests

a) Hannah Property

On December 24, 2003, the Company entered into an option agreement to acquire a 100% interest in twenty-three unpatented lode claims situated in Churchill County, Nevada, USA. The option agreement called for net smelter

Edgar Filing: LINCOLN GOLD CORP - Form 10QSB

royalties of 1% to 4% upon production. Pursuant to the option agreement, the Company is required to make option payments totaling \$210,000 as follows:

- \$5,000 upon signing the agreement (paid);
- \$5,000 on January 10, 2005 (paid);
- \$10,000 on January 10, 2006 (paid);
- \$15,000 on January 10, 2007 (see below);
- \$25,000 on January 10th of each year from 2008 to 2012; and
- \$50,000 on January 10, 2013.

F-7

Lincoln Gold Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
June 30, 2007
(Expressed in U.S. dollars)
(unaudited)

c) Jenny Hill Property

On September 28, 2004, the Company entered into a mining lease and option to purchase agreement comprising ninety-seven mineral claims situated in Mineral and Nye Counties, Nevada for a term of seven years. The agreement calls for the Company to make option payments \$1,500,000 over a seven year period as follows:

- \$20,000 upon signing the agreement (paid);
- \$25,000 by September 28, 2005 (paid);
- \$30,000 by September 28, 2006 (paid by Optionee);
- \$60,000 by September 28, 2007;
- \$70,000 by September 28, 2008;
- \$80,000 by September 28, 2009;
- \$90,000 by September 28, 2010; and
- \$1,125,000 by September 28, 2011.

Work Program:

- By April 12, 2008 \$ 500,000 which must include drilling
- By April 12, 2009 \$ 750,000
- By April 12, 2010 \$1,000,000
- By April 12, 2011 \$1,250,000

Share issuances:

- By April 19, 2007 150,000 shares (issued April 16, 2007)
- By April 12, 2008 200,000 shares
- By April 12, 2009 200,000 shares
- By April 12, 2011 1,000,000 shares

Lincoln Gold Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
June 30, 2007
(Expressed in U.S. dollars)
(unaudited)

5. Related Party Transactions

- a) During the six months ended June 30, 2007, the Company paid management fees of \$1,600 (2006 - \$35,750) and rent of \$1,500 (2006 - \$1,800) to the Vice President of the Company and management fees of \$11,130 (2006 - \$5,618) to a company owned by the President of the Company. Management fees and rent are included in general and administrative expenses.
- b) As at March 31, 2007, the Company owed \$6,641 (December 31, 2006 - \$6,760) to various officers and directors and to a company controlled by the President of the Company. These amounts are unsecured, non-interest bearing and due on demand.

Lincoln Gold Corporation
 (An Exploration Stage Company)
 Notes to the Consolidated Financial Statements
 June 30, 2007
 (Expressed in U.S. dollars)
 (unaudited)

8. Stock Options (continued)

A summary of the Company's stock option activity is as follows:

| | Number of Options | Weighted Average Exercise Price | Remaining Contractual Life (Years) | Aggregate Intrinsic Value |
|--------------------------------|----------------------|--|---|---------------------------------|
| Outstanding, December 31, 2006 | 2,390,000 | \$ 0.60 | | |
| Expired | (1,990,000) | 0.60 | | |
| Outstanding, June 30, 2007 | 400,000 | \$ 0.60 | 0.17 | \$ - |
| Exercisable, June 30, 2007 | 400,000 | \$ 0.60 | 0.17 | \$ - |

9. Share Purchase Warrants

The following table summarizes the continuity of the Company's share purchase warrants:

| | Number of shares | Weighted average exercise price \$ |
|----------------------------|---------------------|--|
| Balance, December 31, 2006 | 4,757,500 | 0.68 |
| Granted | 3,275,000 | 0.15 |
| Expired | (3,145,000) | 0.50 |
| Balance, June 30, 2007 | 4,887,500 | 0.44 |

As at June 30, 2007 the following share purchase warrants were outstanding:

| Number of Warrants | Exercise Price | Expiry Date |
|-----------------------|-------------------|---------------|
| 537,500 | \$0.35 | July 27, 2007 |
| 1,075,000 | \$1.35 | July 27, 2010 |
| 3,275,000 | \$0.15 | May 29, 2008 |
| 4,887,500 | | |

10. Subsequent Events

- a) Subsequent to June 30, 2007, the Company granted 800,000 stock options to directors, employees and consultants at an exercise price of \$0.10 per share for a period of five years.

- b) Subsequent to June 30, 2007, the Company extended the expiry date of 537,500 share purchase warrants to January 27, 2008 from July 27, 2007.

F-10

Item 2. Management's Discussion and Analysis or Plan Of Operation.**Overview**

We are engaged in the acquisition and exploration of mineral properties in the State of Nevada and northern Mexico. Our plan of operations for the next twelve months is to conduct exploration of our mineral properties in the State of Nevada and Mexico.

We presently hold interests in three groups of mineral properties in Nevada and one in northern Mexico, as described below:

| Name of Property | Location |
|-------------------------|--------------------------------|
| Hannah Property | Churchill County, Nevada |
| JDS Property | Eureka County, Nevada |
| Jenny Hill Property | Mineral & Nye Counties, Nevada |
| La Bufa | State of Chihuahua, Mexico |

Subsequent to the completion of our second quarter, we dropped out interest in the Jenny Hill Property in the Mineral and Nye Counties of Nevada as a result of unfavorable exploration results.

Our specific exploration plan for each of our mineral properties, together with information regarding the location and access, history of operations, present condition and geology of each of our properties, is presented in Item 2 of our Annual Report on Form 10-KSB for the year ended December 31, 2006 under the heading Description of Properties. All of our exploration programs are early stage in nature in that their completion will not result in a determination that any of our properties contains commercially exploitable quantities of mineralization.

Work Carried Out In Second Quarter of 2007***Jenny Hill Property***

Kinross completed the drilling of ten reverse circulation drill holes on our Jenny Hill Property located in the Black Hills, Mineral County, Nevada. This drilling work was carried out in March and April 2007 and although gold mineralization was encountered in a majority of the holes the property was returned to the Company by Kinross who stated that they would not carry out any additional work. After reviewing the results of the drilling, we concluded that the property was not meeting our expectations and returned the property to its original owners. As a result, we no longer own any interest in the Jenny Hill Property.

La Bufa

We entered into an option agreement with Almaden for the La Bufa property on April 12, 2007. The option agreement supersedes the original letter of intent that we signed with Almaden in August 2005. We will be entitled to earn a 60% interest in the La Bufa Property by (a) undertaking a work program on the Bufa Property aggregating \$3,500,000 in expenditures for mining work, and (b) issuing an aggregate of 1,550,000 shares of our common stock to Almaden pursuant to the terms of the option agreement.

We had one senior professional geologist on site during the month of June 2007 who carried out geological mapping on all rock outcrops and took a series of rock samples at various spots on the property. A total of 133 samples were collected and sent for assay at ALS Chemex. The assay results have been reviewed and 15 drill locations have been plotted. We presently plan to carry out drilling before the end of the year. Vein and veinlet structures were mapped as well.

In addition the geologist is preparing a full geological report on the property to meet Canadian National Instrument 43-101 standards. This report is expected to be completed and received by us by the end of August 2007.

Hannah

We did not complete any exploration work on the Hannah property in the first half of 2007. We have shown the property to a number of interested parties for a possible joint venture. Property payments to the State of Nevada have been made and the yearly option payments to the claim owner have also been completed. A joint venture partner is being sought.

JDS

In mid-2006, we signed a Letter of Intent to Joint Venture our JDS gold property in the Cortez Trend, Nevada with Golden Odyssey Mining Inc. which now has an option to earn up to 75% of the property by conducting 6,000 ft of drilling and additional work. Golden Odyssey began drilling its first hole on the property in April 2007. Unfortunately the hole was lost in the pediment at depth and the hole was not able to be completed. As a result, the drilling did not reach its target. Golden Odyssey is looking for a more powerful drill to carry on with the drilling.

Exploration Stage Company

We are an exploration stage company. All of our projects are at the exploration stage and there is no assurance that any of our mining properties contain a commercially viable ore body. We plan to undertake further exploration of our properties. We anticipate that we will require additional financing in order to pursue full property exploration. We do not have sufficient financing to undertake full exploration of our mineral claims at present and there is no assurance that we will be able to obtain the necessary financing.

Furthermore there is no assurance that a commercially viable mineral deposit exists on any of our mineral properties. Additional exploration beyond the scope of our planned exploration activities will be required before a final evaluation as to the economic and legal feasibility of mining of any of our properties is determined. There is no assurance that further exploration will result in a final evaluation that a commercially viable mineral deposit exists on any of our mineral properties.

Plan of Operations

Our planned exploration expenditures for the next twelve months on our Nevada and Mexican mineral properties, together with amounts due to maintain our interest in these claims, are summarized as follows:

| Name of Property | Planned Exploration Expenditures | Amounts of Claims Maintenance Due | Amount of Property Payment Due | Total |
|---|---|--|---------------------------------------|------------------|
| Exploration of Hannah Property, Nevada | \$5,000 | \$6,000 | \$12,000 | \$23,000 |
| Exploration of JDS Property, Nevada | \$5,000(1) Being carried out by Golden Odyssey | \$Nil (1) | \$Nil (1) | \$5,000 (1) |
| Exploration of La Bufa Property, Mexico | \$380,000 | \$7,000 | \$10,000 | \$397,000 |
| Administration Nevada | \$165,000 | - | - | \$165,000 |
| Administration Vancouver | \$250,000 | - | - | \$250,000 |
| Total | \$805,000 | \$13,000 | \$22,000 | \$840,000 |

- (1) The exploration expenditures are to be undertaken and paid for by Golden Odyssey pursuant to the letter of intent to joint venture the property with Golden Odyssey. As with the Kinross JV, if Golden Odyssey determines to return the property to us prior to the time when the property payments and/or maintenance payments are due, then we will be obligated to make the annual claim maintenance payments to the BLM and local counties required to keep the property in good standing.

Our general and administrative expenses will consist primarily of professional fees for the audit and legal work relating to our regulatory filings throughout the year, as well as transfer agent fees, management fees, investor relations and general office expenses.

We had cash of \$201,997 and working capital of \$25,525 as of June 30, 2007. An amount of \$100,000 is included as a short term payable, which is a debt payable to a shareholder who loaned \$200,000 to the Company on startup. Half of the amount plus interest has been repaid. Based on our planned expenditures and our working capital deficit, we will require a minimum of approximately \$1,000,000 to proceed with our plan of operations over the next twelve months. This includes payback of the \$100,000. We will require additional financing in order to pursue our exploration programs beyond the preliminary exploration programs for our mineral properties that are outlined above. During our second quarter, we raised funds by way of a private placement. A total of \$3,275,000 was raised upon the issue of 3,275,000 units at 10 cents. We netted \$308,075 after costs of \$19,425 were deducted. We began raising additional funds through a second tranche at \$0.10 subsequent to the end of the second quarter. At the time of writing this report the financing had not been completed.

During the twelve month period following the date of this quarterly report, we anticipate that we will not generate any revenue. Accordingly as noted in the above paragraph we will be required to obtain additional financing in order to continue our plan of operations. We believe that debt financing will not be an alternative for funding additional phases of exploration as we do not have tangible assets to secure any debt financing. We anticipate that additional funding will be in the form of equity financing from the sale of our common stock. However, we do not have any financing arranged after the one that is in progress now and we cannot provide investors with any assurance that we will be able to raise sufficient funds from the sale of our common stock to fund our exploration programs. In the absence of such

financing, we will not be able to continue exploration of our mineral claims. Even if we are successful in

obtaining equity financing to fund our exploration programs, there is no assurance that we will obtain the funding necessary to pursue any advanced exploration of our mineral claims following the completion of preliminary exploration. If we do not continue to obtain additional financing, we will be forced to abandon our properties and our plan of operations.

As we have done in the past, we may consider entering into joint venture arrangements to provide the required funding to pursue drilling and advanced exploration of our mineral claims. Even if we determined to pursue a joint venture partner, there is no assurance that any third party would enter into a joint venture agreement with us in order to fund exploration of our mineral claims. If we entered into a joint venture arrangement, we would likely have to assign a percentage of our interest in our mineral claims to the joint venture partner.

Our exploration plans will be continually evaluated and modified as exploration results become available. Modifications to our plans will be based on many factors, including: results of exploration, assessment of data, weather conditions, exploration costs, the price of gold and available capital. Further, the extent of our exploration programs that we undertake will be dependent upon the amount of financing available to us.

Planned Exploration Activities

Hannah Property

We have determined that follow up drilling is warranted on the Hannah Property based on the results of the initial eleven hole drilling program that we completed on the Hannah Property. We continue to talk to various potential joint venture candidates to take on the work noted below to earn-in to the property. If we do not find a joint venture partner this work will have to wait until we can afford to do it ourselves.

If we are successful in finding a joint venture partner, we anticipate our plan of exploration for the Hannah Property will be as follows:

| Description of Phase of Exploration | Description of Exploration Work Required |
|--|--|
| Acquire Joint Venture Partner | Execute an Exploration Agreement with Option to Joint Venture with a potential joint venture partner (a JV Partner) |
| Exploration Trenching | JV Partner conducts trenching across target with an excavator |
| Phase 2 Drilling | JV Partner drills 5 to 10 angle reverse circulation drill holes |
| Bottle Roll Metallurgical Tests | JV Partner conducts metallurgical tests on select drill cuttings |
| Data Evaluation | Evaluate results |

The anticipated timetable and estimated budget for completion for each stage of exploration is as follows:

| Stage of Exploration | Anticipated Timetable for Completion | Estimated Cost of Completion |
|---------------------------------|--------------------------------------|------------------------------|
| Acquire Joint Venture Partner | 4 th Quarter 2007 | \$3,000 |
| Exploration Trenching | 4 th Quarter 2007 | \$0 (Partner's Cost) |
| Phase 2 Drilling | 2 nd Quarter 2008 | \$0 (Partner's Cost) |
| Bottle-Roll Metallurgical Tests | 3 rd Quarter 2008 | \$0 (Partner's Cost) |
| Data Evaluation | 3 rd Quarter 2008 | \$2,000 |

All significant work is expected to be conducted by a joint venture partner using qualified contractors.

JDS Property

During the second quarter of 2006, we entered into a letter of intent with Golden Odyssey Exploration Inc. (Golden Odyssey) to joint venture the JDS gold property. Under the terms of the Letter of Intent to Joint Venture, Golden Odyssey may earn a 51% interest in the JDS property by performing 6,000 ft of reverse-circulation drilling within 18 months of signing the agreement. Golden Odyssey has the option to increase its ownership by 14% by funding \$1.5 million in additional work and may increase its ownership by an additional 10% by funding an additional \$2.0 million in work for a total of \$3.5 million. Under these terms, Golden Odyssey may ultimately earn 75% and Lincoln hold 25% in the Joint Venture.

Golden Odyssey Exploration Inc. is a wholly-owned subsidiary of Golden Odyssey Mining Inc (TSE VENTURE:GOE) and is engaged in mineral exploration in the State of Nevada within the Walker Lane, Cortez Trend, and Carlin Trend.

The plan of exploration to be completed by Golden Odyssey during 2007 involves the following:

| Description of Phase of Exploration | Description of Exploration Work Required |
|-------------------------------------|---|
| Phase 1 Drilling | Golden Odyssey to drill 6,000 ft of reverse-circulation drilling in various locations |
| Data Evaluation | Evaluate drill data |

The anticipated timetable and budget for the Company's share of work is listed below:

| Stage of Exploration | Anticipated Timetable for Completion | Estimated Cost of Completion |
|----------------------|---|------------------------------|
| Phase 1 Drilling | 4 th Quarter 2007 - 1 st Quarter 2008 | \$0 (Golden Odyssey's Cost) |
| Data Evaluation | 2 nd Quarter 2008 | \$5,000 |

La Bufa Property

Our plan for exploration of the La Bufa Concession in 2007 and 2008 is as follows:

| Description of Phase of Exploration | Description of Exploration Work Required |
|--|---|
| Base map construction | Obtain ground control points; submit data; generate maps |
| Detail geologic mapping | Map & sample quartz veins + geology onto new base map |
| Select drill targets | Compile geologic mapping with soil & rock-chip geochem data |
| Acquire drilling permit | Contract professional landman to acquire drill permit |
| Construct drill pads | Hire local labor and construct drill pads; recondition roads |
| Phase 1 core drilling | Hire drill contractor and drill 8 angle core holes for 250 m each |
| Evaluate drilling data | Compile drilling data with surface data |

The anticipated timetable and budget for the 2007 exploration plan is presented in the following table.

| Stage of Exploration | Anticipated Timetable for Completion | Estimated Cost of Completion |
|-----------------------------|---|-------------------------------------|
| Base map construction | 2 nd Quarter 2007 | \$14,000 |
| Detail geologic mapping | 2 rd Quarter 2007 | \$43,000 |
| Select drill targets | 3 rd Quarter 2007 | \$3,000 |
| Acquire drilling permit | 4 th Quarter 2007 | \$10,000 |
| Construct drill pads | 4 th Quarter 2007 | \$16,000 |
| Phase 1 core drilling | 4 th Quarter 2007 | \$287,000 |
| Evaluate drilling data | 1 st Quarter 2008 | \$7,000 |
| | | Total: \$380,000 |

New Opportunities

We reviewed several prospective gold properties in Nevada and Mexico during the first and second quarters of 2007. We are also planning more site visits to evaluate prospective properties during the current quarter.

Results of Operations

Edgar Filing: LINCOLN GOLD CORP - Form 10QSB

Our results of operations for the three and six months ended June 30, 2007 are presented below:

| | Accumulated From September 25, 2003 (Date of Inception) to June 30, 2007 \$ | For the Three Months Ended June 30, 2007 \$ | For the Three Months Ended June 30, 2006 \$ | For the Six Months Ended June 30, 2007 \$ | For the Six Months Ended June 30, 2006 \$ |
|----------------------------------|---|---|---|---|---|
| Revenue | - | - | - | - | - |
| Expenses | | | | | |
| Depreciation | 6,030 | 554 | 722 | 1,164 | 1,444 |
| Foreign exchange loss | 6,818 | 813 | 1,233 | 985 | 2,009 |
| General and administrative | 2,531,091 | 59,257 | 60,554 | 93,689 | 119,632 |
| Impairment of mineral properties | 93,350 | 27,600 | - | 31,350 | 10,000 |
| Mineral exploration | 946,308 | 38,616 | 3,743 | 46,804 | 16,475 |
| Total Expenses | 3,586,597 | 126,840 | 66,252 | 173,992 | 149,560 |
| Loss From Operations | (3,586,597) | (126,840) | (66,252) | (173,992) | (149,560) |
| Other Income (Expense) | | | | | |
| Accounts payable written off | 33,564 | - | - | - | - |
| Interest income | 12,104 | 999 | 267 | 1,099 | 923 |
| Interest expense | (53,479) | (2,915) | (2,649) | (5,758) | (5,214) |
| Total Other Income (Expense) | (7,811) | (1,916) | (2,382) | (4,659) | (4,291) |
| Net Loss | (3,594,408) | (128,756) | (68,634) | (178,651) | (153,851) |

Our net loss increased marginally for the six month period ended June 30, 2007 over the corresponding period in 2006. This increase is attributable largely to our increased general and administrative activities during the second quarter of 2007. We anticipate that, if we are able to obtain additional financing, our expenses and net loss will continue to increase throughout the current fiscal year in comparison with 2006 as a result of our planned exploration activities. We anticipate continued professional fees as we comply with our obligations as a reporting company under the Securities Exchange Act of 1934. We anticipate that we will not earn any revenues during the current fiscal year or in the foreseeable future as we are presently engaged in the exploration of our mineral properties.

Liquidity and Capital Resources

Our cash position at June 30, 2007 was \$201,997 compared to \$21,961 as of December 31, 2006. We had working capital of \$25,525 as of June 30, 2007 compared to a working capital deficit of \$130,363 as of December 31, 2006.

Plan of Operations

We estimate that our total expenditures over the next twelve months will be approximately \$840,000 as outlined above under the heading *Plan of Operations*. Based on our planned expenditures, we will require approximately \$1,000,000 to proceed with our plan of operations over the next twelve months, including the pay down of a short term debt. In addition, we anticipate that we will require additional financing in order to pursue our exploration programs beyond the preliminary exploration programs for our mineral properties that are outlined above.

If we are unable to achieve the necessary additional financing, then we plan to reduce the amounts that we spend on our exploration activities and administrative expenses in order to be within the amount of capital resources that are available to us. Specifically, we anticipate that we would defer drilling programs pending our obtaining additional financing.

Outstanding Payable

We arranged for a \$200,000 convertible note during the fiscal year ended December 31, 2004. On September 15, 2005 we completed an agreement whereby we repaid \$100,000 of the convertible note along with \$35,000 accrued interest and agreed to repay the remaining \$100,000 within sixty days. With the completion of the first payment the convertible note was deemed to be repaid in full. The remaining \$100,000 owed will be repaid when funds are available.

Going Concern

We have not attained profitable operations and are dependent upon obtaining financing to pursue any extensive exploration activities. For these reasons our auditors stated in their report that they have substantial doubt we will be able to continue as a going concern.

Future Financings

We will require additional financing in order to proceed with the exploration of our mineral properties. We plan to complete private placement sales of our common stock in order to raise the funds necessary to pursue our plan of operations and to fund our working capital deficit. Issuances of additional shares will result in dilution to our existing shareholders. We currently do not have any arrangements in place for the completion of any private placement financings and there is no assurance that we will be successful in completing any private placement financings.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

Critical Accounting Policies

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company regularly evaluates estimates and assumptions related to the useful life and recoverability of long-lived assets, stock-based compensation and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and actual results, future results of operations will be affected.

Mineral Property Acquisition Payments and Exploration Costs

We have been in the exploration stage since our formation on September 25, 2003 and we have not yet realized any revenues from our planned operations. We are primarily engaged in the acquisition and exploration of mining properties. Mineral property acquisition and exploration costs are expensed as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs incurred to develop such property, are capitalized. Such costs will be amortized using the units-of-production method over the estimated life of the probable reserve. If mineral properties are subsequently abandoned or impaired, any capitalized costs will be charged to operations.

Stock Based Compensation

We record stock-based compensation in accordance with SFAS No. 123R *Share Based Payments*, using the fair value method. We have not issued any stock options since our inception. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. Equity instruments issued to employees and the cost of the services received as consideration are measured and recognized based on the fair value of the equity instruments issued.

All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. Equity instruments issued to employees and the cost of the services received as consideration are measured and recognized based on the fair value of the equity instruments issued.

Item 3. Controls and Procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934 (the Exchange Act), we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2007, being the date of our most recently completed fiscal quarter. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, Mr. Paul Saxton. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Securities and Exchange Commission (the SEC).

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and our Chief Financial Officer, to allow timely decisions regarding required disclosure.

During our most recently completed fiscal quarter ended June 30, 2007, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to affect, our internal control over financial reporting.

The term internal control over financial reporting is defined as a process designed by, or under the supervision of, the registrant's principal executive and principal financial officers, or persons performing similar functions, and effected by the registrant's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of

financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- (a) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the registrant;
- (b) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the registrant are being made only in accordance with authorizations of management and directors of the registrant;and
- (c) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the registrant's assets that could have a material effect on the financial statements.

Item 3A(T). Controls and Procedures

Not Applicable.

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

We currently are not a party to any material legal proceedings and to our knowledge, no such proceedings are threatened or contemplated.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

We did not complete any sales of securities without registration under the Securities Act of 1933 during our second quarter ended June 30, 2007.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

The following securities were issued without registration under the Securities Act of 1933, as amended (the Act) during the three month period ended June 30, 2007, as previously disclosed on our current report on Form 8-K filed with the SEC on May 18, 2007:

- On May 14, 2007, we completed a private placement with twenty-five investors of 3,275,000 units at a price of \$0.10 per unit for total proceeds of \$327,500 pursuant to Rule 903 of Regulation S of the Act. Each unit is comprised of one share of common stock and one share purchase warrant. Each warrant entitles the investor to purchase one additional share of common stock at a price of \$0.15 per share for a two year period from the date of the issuance of the warrants. We paid total commissions equal to \$19,425 in connection with the completion of the offering. We completed the offering of the units pursuant to Rule 903 of Regulation S of the Act on the basis that the sale of the units was completed in an offshore transaction , as defined in Rule 902(h) of Regulation S. We did not engage in any directed selling efforts, as defined in Regulation S, in the United States in connection with the sale of the units. The investors represented to us that the investors were not U.S. persons, as defined in Regulation S, and were not acquiring the shares for the account or benefit of a U.S. person. The subscription agreements executed between us and the investors included statements that the securities had not been

registered pursuant to the Act and that the securities may not be offered or sold in the United States unless the securities are registered under the Act or pursuant to an exemption from the Act. The investors agreed by execution of the subscription agreement for the units: (i) to resell the securities purchased only in accordance with the provisions of Regulation S, pursuant to registration under the Act or pursuant to an exemption from registration under the Act; (ii) that we are required to refuse to register any sale of the securities purchased unless the transfer is in accordance with the provisions of Regulation S, pursuant to registration under the Act or pursuant to an exemption from registration under the Act; and (iii) not to engage in hedging transactions with regards to the securities purchased unless in compliance with the Act. All securities issued were endorsed with a restrictive legend confirming that the securities had been issued pursuant to Regulation S of the Act and could not be resold without registration under the Act or an applicable exemption from the registration requirements of the Act.

Item 5. Other Information

None.

Item 6. Exhibits

The following exhibits are included with this Quarterly Report on Form 10-QSB:

| Exhibit Number | Description of Exhibit |
|----------------|---|
| 3.1 | Articles of Incorporation ⁽¹⁾ |
| 3.2 | Bylaws, as amended ⁽¹⁾ |
| 3.3 | Articles of Merger between Braden Technologies Inc. and Lincoln Gold Corp. ⁽³⁾ |
| 10.1 | Form of Share Purchase Agreement dated March 15, 2004 between the Company and the U.S. Shareholders of Lincoln Gold Corp. ⁽²⁾ |
| 10.2 | Form of Share Purchase Agreement dated March 15, 2004 between the Company and the Non-U.S. Shareholders of Lincoln Gold Corp. ⁽²⁾ |
| 10.3 | Convertible Note executed by Lincoln Gold Corp. in favour of Alexander Holtermann dated January 28, 2004 ⁽³⁾ |
| 10.4 | Hercules Joint Venture Agreement dated April 18, 2004 between the Company and Miranda U.S.A. Inc. and Miranda Gold Corp. ⁽³⁾ |
| 10.5 | 2004 Stock Option Plan ⁽³⁾ |
| 10.6 | Letter Agreement on Mining Lease Terms for Buffalo Valley Property dated July 29, 2004 ⁽⁴⁾ . |
| 10.7 | Letter Agreement on Mining Lease Terms for the Jenny Hill Project dated September 28, 2004 ⁽⁵⁾ |
| 10.8 | Property Option Agreement for the Hannah project between Lincoln Gold Corp. and Larry McIntosh and Susan K. McIntosh dated December 24, 2003 ⁽⁶⁾ |

| Exhibit Number | Description of Exhibit |
|----------------|--|
| 10.9 | Property Option Agreement for the Lincoln Flat project between Lincoln Gold Corp. and Larry McIntosh and Susan K. McIntosh dated December 24, 2003 ⁽⁶⁾ |
| 10.10 | 2005 Stock Option Plan ⁽⁷⁾ |
| 10.11 | Option Agreement between the Corporation and Almaden dated April 12, 2007 ⁽⁸⁾ |
| 10.12 | Form of Regulation S Subscription Agreement for May 2007 Unit Offering ⁽⁹⁾ |
| <u>31.1</u> | <u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 ⁽¹⁰⁾</u> |
| <u>32.1</u> | <u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ⁽¹⁰⁾</u> |

- (1) Previously filed with the Securities and Exchange Commission as an exhibit to our Form 10-SB Registration Statement originally filed on April 20, 1999, as amended.
- (2) Previously filed as an exhibit to our Current Report on Form 8-K filed on March 16, 2004.
- (3) Previously Filed as an Exhibit to our Quarterly Report on Form 10-QSB filed May 24, 2004.
- (4) Previously filed as an exhibit to our Form 10QSB originally filed August 6, 2004.
- (5) Previously filed as an Exhibit to the Company's Quarterly Report on Form 10-QSB filed November 15, 2004.
- (6) Previously filed as an Exhibit to our Annual Report on Form 10-KSB for the year ended December 31, 2004 filed on April 18, 2005.
- (7) Previously filed as an Exhibit to our Annual Report on Form 10-KSB for the year ended December 31, 2005 filed on March 31, 2006.
- (8) Previously filed as an exhibit to our Current Report on Form 8-K filed on April 18, 2007.
- (9) Previously filed as an exhibit to our Current Report on Form 8-K filed on May 18, 2007.
- (10) Filed as an Exhibit to this Quarterly Report on Form 10-QSB.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LINCOLN GOLD CORP.

By:

/s/ Paul Saxton

Paul Saxton, President

Chief Executive Officer and Chief Financial Officer

Director

Date: August 20, 2007

17
